Financial Statements

C.S. Mott Community College
Flint, Michigan

June 30, 2017 and 2016

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Independent Auditor's Report

To the Board of Trustees
C.S. Mott Community College

Report on the Financial Statements

We have audited the accompanying financial statements of C.S. Mott Community College (Mott Community College or the "College") and the discretely presented component unit as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise Mott Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 discretely presented component unit was not audited under *Government Auditing Standards*.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Mott Community College and the discretely presented component unit as of June 30, 2017 and the respective changes in their financial position and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The basic financial statements of Mott Community College and the discretely presented component unit as of and for the year ended June 30, 2016 were audited by other auditors, who expressed an unmodified opinion on those statements. The predecessor auditor's report was dated November 14, 2016.

To the Board of Trustees
C.S. Mott Community College

Other Matters

Required Supplemental Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2017 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 7, 2017

Management's Discussion and Analysis - Unaudited

This discussion and analysis section of C.S. Mott Community College's ("the College") annual financial report provides an overview of the College's financial position at June 30, 2017, 2016 and 2015 and its financial activities for the three years ended June 30, 2017. Management has prepared this section, along with the financial statements and the related footnote disclosures, and it should be read in conjunction with and is qualified in its entirety by the financial statements and footnote disclosures. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Changes in Statement No. 34 require a comprehensive one-line look at the entity as a whole including capitalization and depreciation of assets. In November 1999, the GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,* which applies these standards to public colleges and universities.

This annual financial report includes the report of independent auditors, this Management's Discussion and Analysis section, the basic financial statements in the format described above, and notes to financial statements. Following the basic financial statements and footnotes are required supplementary schedules and additional supplementary schedules and information for the year ended June 30, 2017. The additional information is not required by the GASB, but is provided to give additional information regarding the various funds and activities of the College that are not disclosed in the basic financial statements.

For the year ended June 30, 2015, the College implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). This new standard requires the College to record its proportionate share of the pension liability of the Michigan Public School Employees Retirement System (MPSERS), the defined benefit plan in which the majority of the employees of the College participate. This standard has had a significant impact on the liabilities and net position of the College as discussed below. In addition, Note 7 to the financial statements includes a number of items related to the requirements of this standard, and two schedules that are included with the required supplementary information following the footnotes.

Component Unit

The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34, GASB Statement No. 61, requires that separate legal entities associated with a primary government that meet certain criteria are included with the financial statements of the Primary Reporting Unit.

In compliance with this Statement, the Foundation for Mott Community College is reported as a component unit of the College and its financial activities are presented separately from the rest of the College's activities in the financial statements, in separate columns headed "Component Unit."

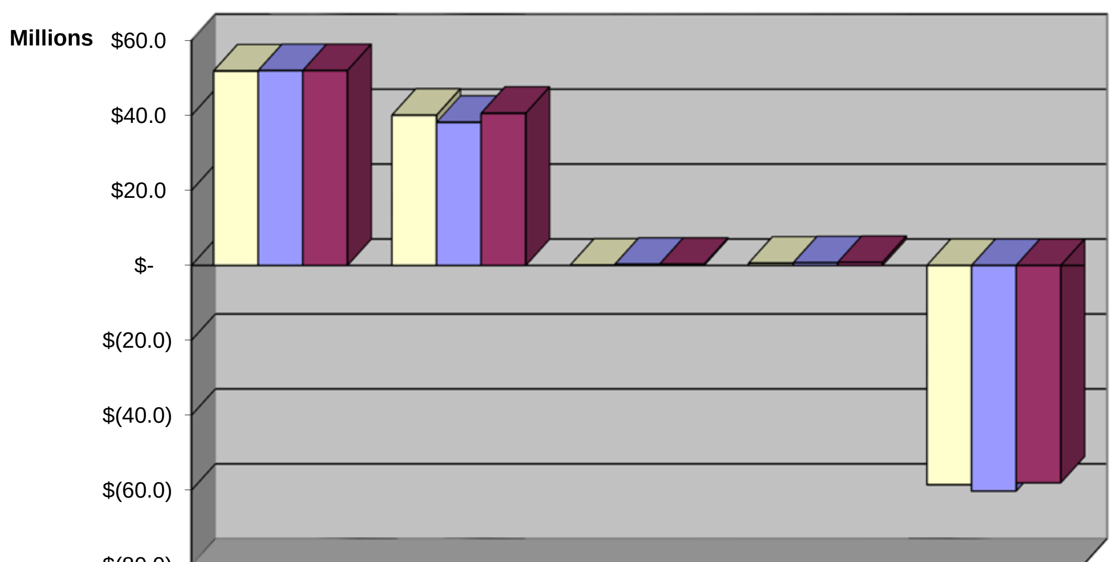
Financial Highlights

The College implemented GASB Statement No. 68 for the year ended June 30, 2015. In addition to expanded disclosure requirements, the College is required to report its proportionate share of the Michigan Public Schools Employee Retirement System (MPSERS) net pension liability on the statement of net position. The total financial impact to the College was an increase in net assets to $35.7 as of June 30, 2017, a reduction in net assets to $30.9 million as of June 30, 2016 and $34.2 million as of June 30, 2015. Deferred Outflows of Resources increased to $11.3 million at June 30, 2017 from $9.1 million at June 30, 2016 and $11.0 at June 30, 2015. Total liabilities totaled $147.6 million at June 30, 2017, compared to $146.9 million in 2016 and $132.9 million in 2015.

The College's Unrestricted net position has decreased from ($58.5) million at June 30, 2015, to a deficit of ($60.2) million at June 30, 2016, and then increased to a deficit of ($58.0) million at June 30, 2017. Although significant cost reductions were made in three years, the deficit was increased mainly due the implementation of GASB Statement No. 68 in 2015.

The following chart provides a graphical categorization of the net position as of June 30, 2017, 2016 and 2015:

Breakdown of Net Position - By Category



	Net Investment in Capital Assets	Restricted-Nonexpendable Endowments	Restricted-Scholarships & Awards	Restricted-Debt Service	Unrestricted (General, Desig., Maint.)
2015	$51.9	$40.1	$0.08	$0.6	$(58.5)
2016	$52.0	$38.2	$0.3	$0.7	$(60.2)
2017	$52.0	$40.6	$0.3	$0.8	$(58.0)

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

One of the most important questions asked about the College’s finances is whether the College as a whole is better off or worse off as a result of the year’s activities. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, report information on the College as a whole and on its activities in a way that helps answer this question.

These two statements report the College’s net position as of June 30, 2017 and 2016 and the change in net position for the years then ended. Net position is assets plus deferred outflows of resources minus liabilities and deferred inflows of resources, and is one way to measure the College’s financial health. The relationship between revenues and expenses may be thought of as Mott Community College’s operating results. Over time, increases or decreases in the College’s net position is one indicator of whether its financial health is improving or deteriorating.

Many other non-financial indicators, such as quality of teaching and learning, percentage of students requiring financial aid, enrollment and retention trends, and condition of the facilities must also be considered in assessing the overall health of the College.

The College’s financial position was significantly impacted by the implementation of GASB Statement 68 during the fiscal year ended June 30, 2015. Excluding the impact of GASB 68, the College’s net position increased $4.9 million for the fiscal year June 30, 2017, decreased by approximately $1.0 million for the fiscal year ended June 30, 2016 and increased $900 thousand for the fiscal year ended June 30, 2015, from general operations. The amount invested in capital assets remained flat, as new asset purchases and principal debt reductions were offset by the depreciation of new and existing assets.

As of June 30, 2015, three new line items appear on the Statement of Net Position, each related to GASB 68: Deferred outflows of resources – deferred pension amounts; Deferred inflows of resources – deferred pension amounts; and Net pension liability. Each of these categories represent a separate piece of the required presentation for the College’s participation in the MPSERS pension plan. As of June 30, 2015, the combined impact to the College from these new captions was a decrease of $72.0 million in unrestricted net position, resulting from a $73.7 million restatement of beginning net position, and a reduction to pension expense of $344 thousand. These items are discussed in greater detail in the footnotes to the financial statements and the required supplementary information following the footnotes. It is important to note that while this new standard raises awareness of potential future obligations of the College, its implementation has no immediate impact on the cash position of the College or its ability to meet current obligations.

The College’s total assets as of June 30, 2017 were $179.1 million. As of June 30, 2016 and 2015, total assets were $177.2 million and $164.4 million, respectively.

Statement of Net Position

The Statement of Net Position's purpose is to provide the College's overall financial position at the fiscal year close. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when a service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The following is a condensed version of the Statement of Net Position, with analysis of the major components of the net position of the College as of June 30, 2017 compared to June 30, 2016 and June 30, 2015. This illustration includes the primary government operations of the College, but does not include its component unit, the Foundation for MCC:

Mott Community College
STATEMENTS OF NET POSITION
As of June 30, 2017, 2016 and 2015
(in millions)

	(in millions)		
	2017	2016	2015
ASSETS			
Current Assets	$ 30.9	$ 27.2	$ 25.8
Capital Assets	$ 95.8	$ 93.5	$ 93.5
Other Noncurrent Assets	$ 52.4	$ 56.5	$ 45.1
Total Assets	$ 179.1	$ 177.2	$ 164.4
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	$ 0.4	$ 0.5	$ 0.7
Deferred Pension Amounts	$ 10.9	$ 8.6	$ 10.3
Total Deferred Outflows of Resources	$ 11.3	$ 9.1	$ 11.0
LIABILITIES			
Current Liabilities	$ 19.3	$ 15.8	$ 15.5
Noncurrent Liabilities	$ 128.2	$ 131.1	$ 117.4
Total Liabilities	$ 147.5	$ 146.9	$ 132.9
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Amounts	$ 7.2	$ 8.4	$ 8.3
NET POSITION			
Net Investment in Capital Assets	$ 52.0	$ 52.0	$ 51.9
Restricted - Nonexpendable	$ 40.6	$ 38.2	$ 40.1
Restricted - Expendable	$ 1.1	$ 1.0	$ 0.7
Unrestricted (deficit)	$ (58.0)	$ (60.2)	$ (58.5)
Total Net Position	$ 35.7	$ 31.0	$ 34.2

Net position decreased from 2015 to 2016 and an increase from 2016 to 2017, with significant changes noted below.

The most significant changes in the Statement of Net Position related to:

- A deficit in the unrestricted net position primarily due to the implementation of GASB No. 68.

- Capital Asset increase in fiscal year June 30, 2017, this is due to major repair and remodeling projects on campus.

- A decrease of $1.9 million from 2015 to 2016 and an increase from 2016 to 2017 of $2.3 million in the market value of the College's interest in its beneficial perpetual trusts.

The year ended on June 30, 2017 with a $4.7 million increase in Total Net Position, finishing at $35.7 million.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position provides the overall results of the College's operations. It includes all funds of the College except for activities of Agency Funds. Revenues and expenses are recorded and recognized when incurred or earned, similar to how most corporate businesses account for transactions. When revenues and other support exceed expenses, the result is an increase in net position—one indication that the College as a whole is better off financially as a result of the year's activities.

Activities are reported as either operating or non-operating. The financial reporting model classifies state appropriations, property taxes, PELL grant revenue, and gifts as non-operating revenues. Due to the reporting classifications for community colleges, their dependency on state aid, property taxes and gifts results in an operating deficit.

The following is a condensed version of the Statement of Revenues, Expenses and Changes in Net Position, with analysis of the major components for the fiscal year ended June 30, 2017 compared to the years ended June 30, 2016 and June 30, 2015. This illustration includes the primary government operations of the College, but does not include its component unit, the Foundation for MCC:

Mott Community College
CONDENSED STATEMENTS OF REVENUES, EXPENSES,
and CHANGES IN NET POSITION
For Years Ended June 30, 2017, 2016 and 2015

	(in millions) 2017	2016	2015
Total Operating Revenues	$ 34.1	$ 32.5	$ 32.6
Total Operating Expenses	92.0	93.1	93.8
Total Operating Loss	(57.9)	(60.6)	(61.2)
Nonoperating Revenues, Net	62.6	57.4	62.5
Total increase (decrease) in Net Position	4.7	(3.2)	1.3
Net Position, Beginning of Year	31.0	34.2	106.6
Implementation of GASB Statement No. 68	-	-	(73.7)
Net Position, End of Year	$ 35.7	$ 31.0	$ 34.2

In the fiscal year ended June 30, 2017, the College's revenues exceeded expenditures and other support, creating an increase in Total Net Position of $4.7 million (compared to a $3.2 million decrease in 2016, and a $1.3 million increase in 2015).

Operating Revenues

This category includes all exchange transactions such as tuition and fees, grants and contracts for services except those for capital purposes, auxiliary enterprise activities (bookstore, catering and vending), and other miscellaneous sales and rental income.

Operating revenues consisted of the following during the years ended June 30:

Tuition and Fees, net of Scholarship Allowances of $12,552,928, $14,670,206, and $17,330,716 in 2017, 2016 and 2015, respectively	$ 21,774,054	$ 20,032,359	$ 19,651,865
Federal Grants and Contracts	4,062,435	6,190,082	6,324,145
State and Local Grants and Contracts	2,368,884	1,936,341	1,853,430
Private Gifts and Grants	3,365,975	1,927,273	2,221,540
Auxiliary Enterprises	779,877	800,191	933,533
Other Operating Revenues	1,716,036	1,631,406	1,631,754
Total Operating Revenues	$ 34,067,261	$ 32,517,652	$ 32,616,267

Total operating revenues increased $1.5 million (4.5%) during the past three years, as a result of the following:

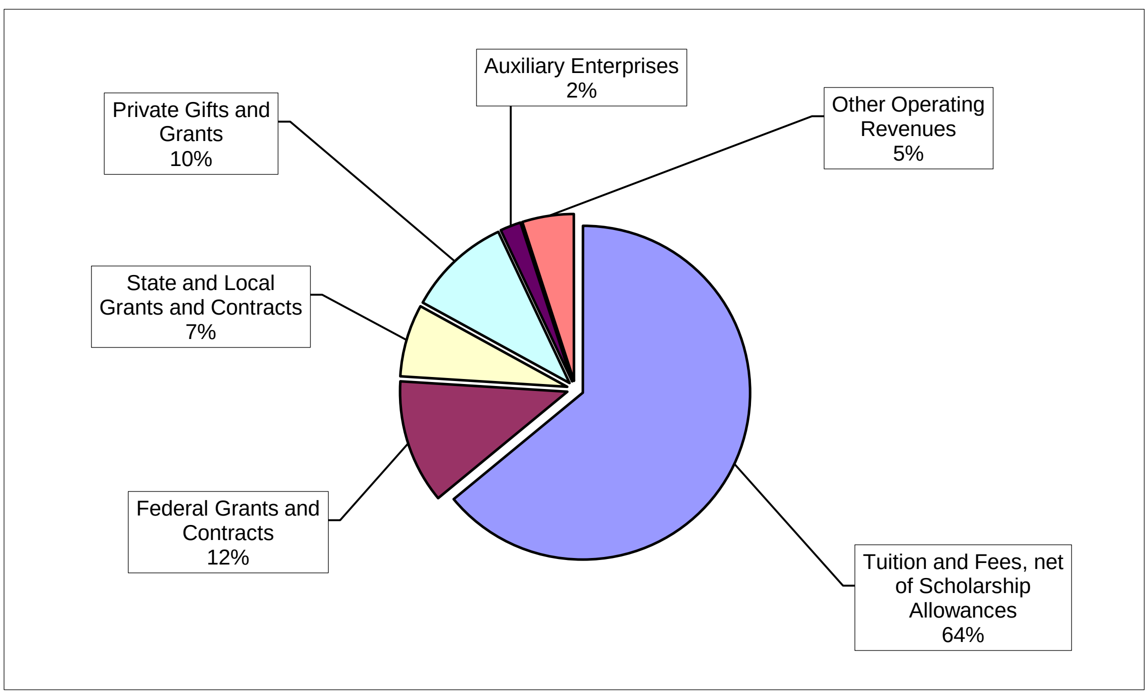
- Gross tuition and fee revenue decreased by approximately $2.6 million during the three years ended June 30, 2017. This 7.2% overall decrease was principally due to enrollment decreases offset by average annual tuition and fee increases of 2.9% for the 2015, 2016, and 2017 academic years.

- Scholarship Allowances (the portion of financial aid assistance covering student tuition and fees) decreased overall during the past three years by 27.6% mainly as a result of declining enrollment.

- Federal Grants have decreased by $2.3 million during the three years with the largest decrease between the 2016 and 2017 years. A very large grant received from the Trade Adjustment Assistance Community College and Career Training program is coming to an end so less revenue is being received. The second factor in this is that Mott is a pass through entity on grants and in 2017 the pass through money was changed from federal to state and local sources.

- State and Local Grants and Contracts is up from 2016 to 2017 mainly because of the change in funding, as explained above in the federal grant section and a new Flint Waterworks grant that was received.

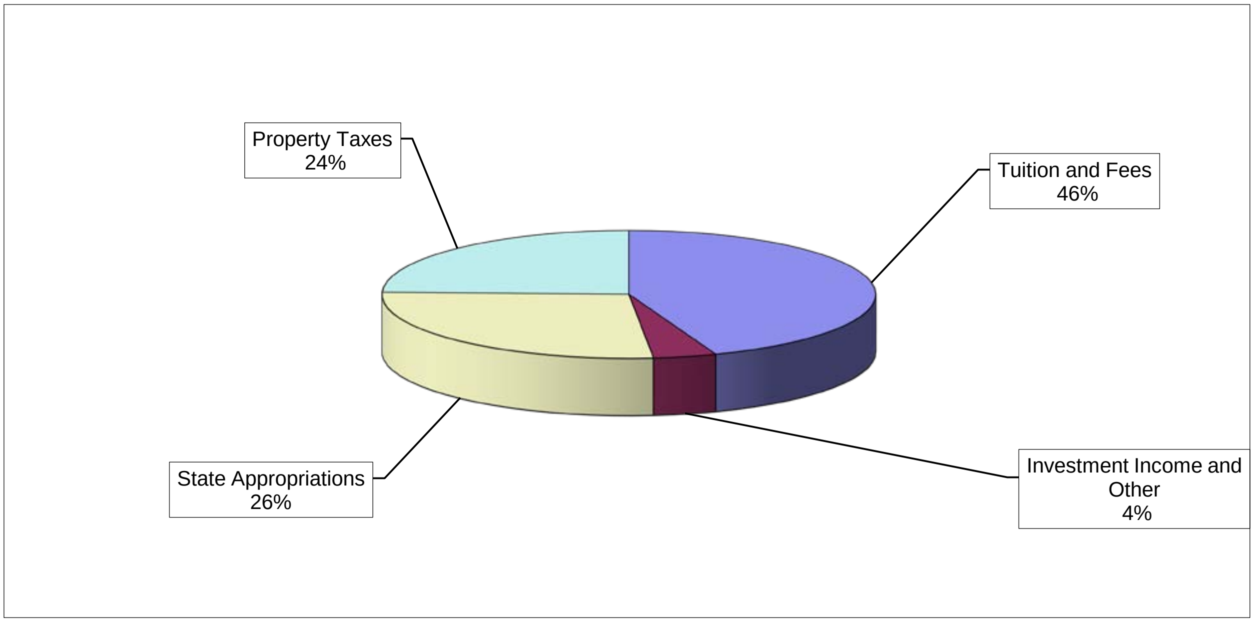
The following is a graphic illustration of operating revenues by source for 2017:



Internally, the College uses fund accounting to account for separate funding sources and uses. The operating revenues above, for instance, include revenues within all funds, depicting the funding sources of the institution as a whole as required by the reporting model.

The College accounts for its primary programs and operations in its General Fund. The General Fund revenues include three primary sources of revenue – tuition and fees, state appropriations, and property taxes. Investment income and other sources represent more minor proportions of the total. The General Fund revenues are separated in our combined financial statements into operating and non-operating sources.

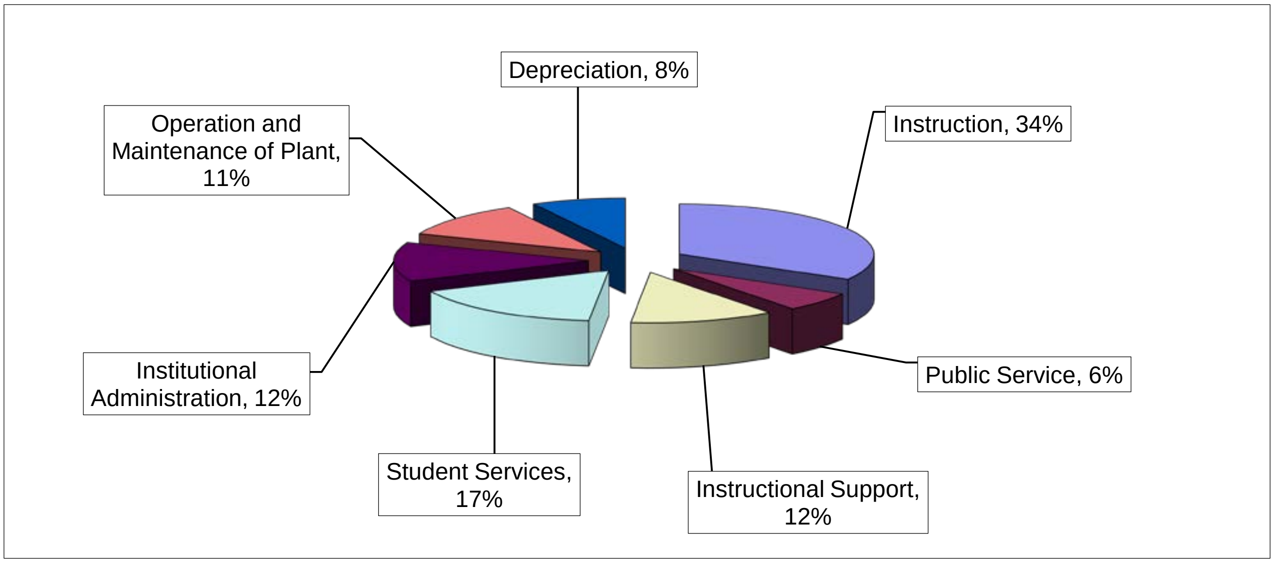
The following chart shows the percentages of all General Fund revenue sources for the year ended June 30, 2017:



Operating Expenses

Operating expenses represent all the costs necessary to provide services and conduct the programs of the College. Operating expenses for the fiscal year ended June 30, 2017 total $92.0 million, and consist of salaries and benefits, scholarships, utilities, contracted services, supplies and materials, and depreciation. These items are presented in a functional format in the Statement of Revenues, Expenses, and Changes in Net Position, consistent with the State of Michigan's reporting format, currently the Activities Classification Structure (ACS) Manual.

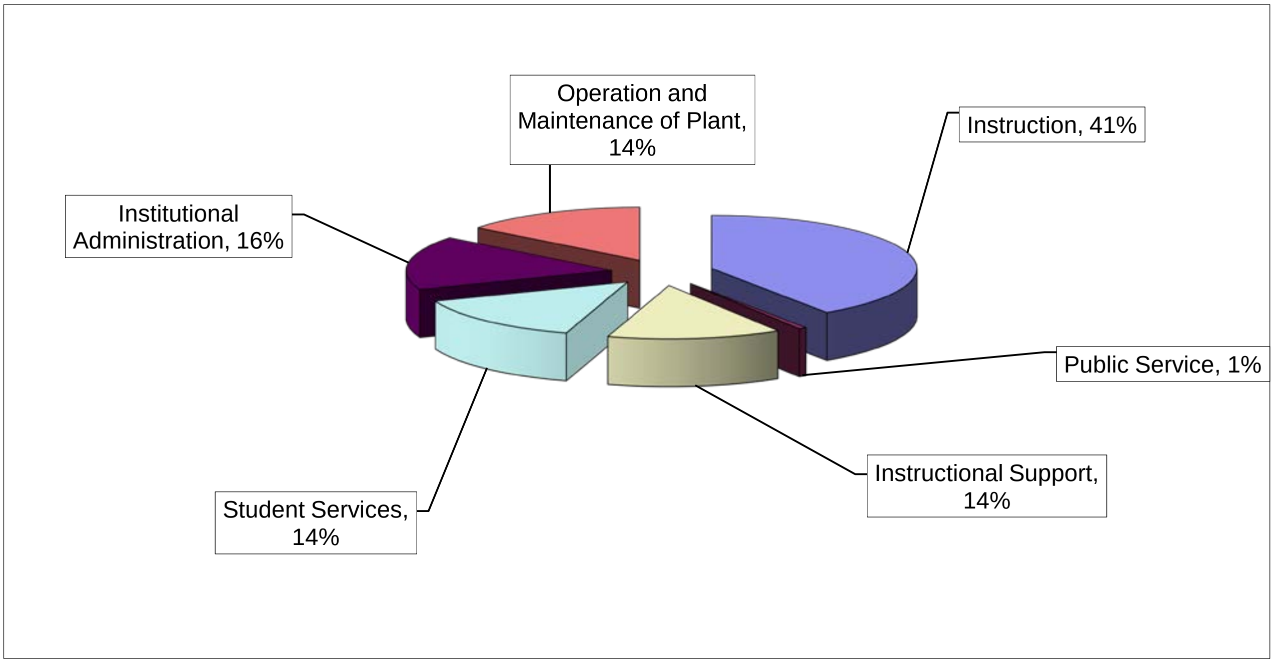
The following is a graphic illustration of operating expenses for the institution as a whole for the year ended June 30, 2017:



The College continues to spend the largest percentage of operating budget on instruction, with student services, operation and maintenance of plant, and instructional support making up the next largest proportions of operating expenses. These expenses include not only operating funds, but also plant and restricted fund activities.

The majority of total operating expenses are reported internally in the College's General Fund. In the General Fund, operating expenses for 2017 were $70.8 million. General Fund operating expenses decreased by $1.0 million from 2016 to 2017 and decreased from 2015 to 2016 in the amount of $480 thousand. Most of the changes are the result of fluctuations in salaries, fringe benefit costs, contracted services and bad debts.

Following is a graphic illustration of operating expenses by function as reported by the General Fund for the year ended June 30, 2017:



Non-operating Revenues (Expenses)

Non-operating revenues represent all revenue sources that are primarily non-exchange in nature and are not a result of College operations. They consist of state appropriations, property tax revenue, gifts and other support, and investment income.

	2017	2016	2015
State Appropriations	$ 20,014,097	$ 16,975,697	$ 18,427,226
Property Tax Levy	25,748,518	25,825,520	25,042,619
Gifts	1,808,232	1,939,348	1,891,447
Pell Grants	14,561,258	16,251,046	20,038,208
Investment Income	100,731	83,900	31,164
Total Non-Operating Revenues	$ 62,232,836	$ 61,075,511	$ 65,430,664

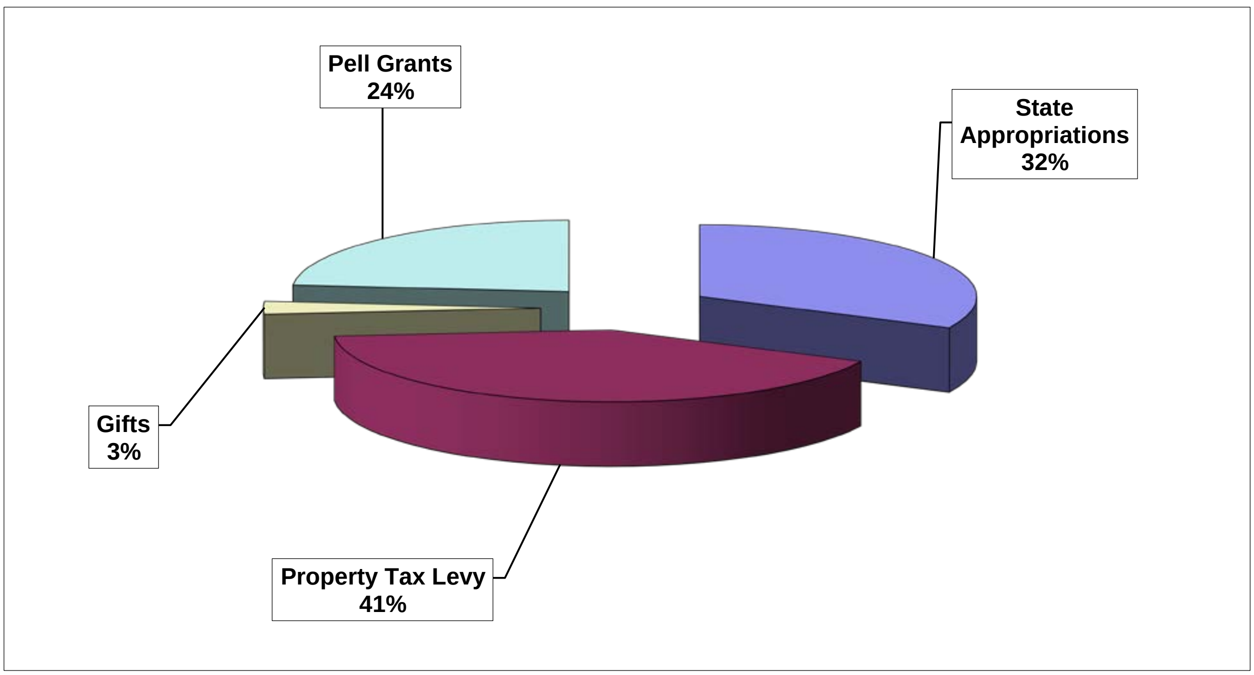
Total non-operating revenues decreased by $3.2 million during the past three years:

- The State appropriations was steady from $18.4 million to $20.0 million from the fiscal years ended June 30, 2015 to 2017, however, the stabilization payments have increased for the three years and for the year ended June 30, 2017, $3.4 million was restricted for the pay down of the MPSERS liability.

- Property tax revenues increased $706 thousand from 2015 to 2017. The previous downward trend, caused by declining property tax values have begun to level off or begin to slightly increase. The fiscal 2018 budget reflects a slight increase in property tax revenues. The College's combined tax levy rates were 2.8596 for 2015, and 2.8096 for 2016, and 2017.

- Pell revenue has decreased $5.5 million from 2015 to 2017 due to a drop in credit side enrollment. Financial aid dollars, namely Pell, brings with it additional administration costs and a significant percentage of our students continue to rely on financial assistance for their higher educational needs.

The following is a graphical illustration of the College's Non-operating revenues by source for the year ended June 30, 2017:



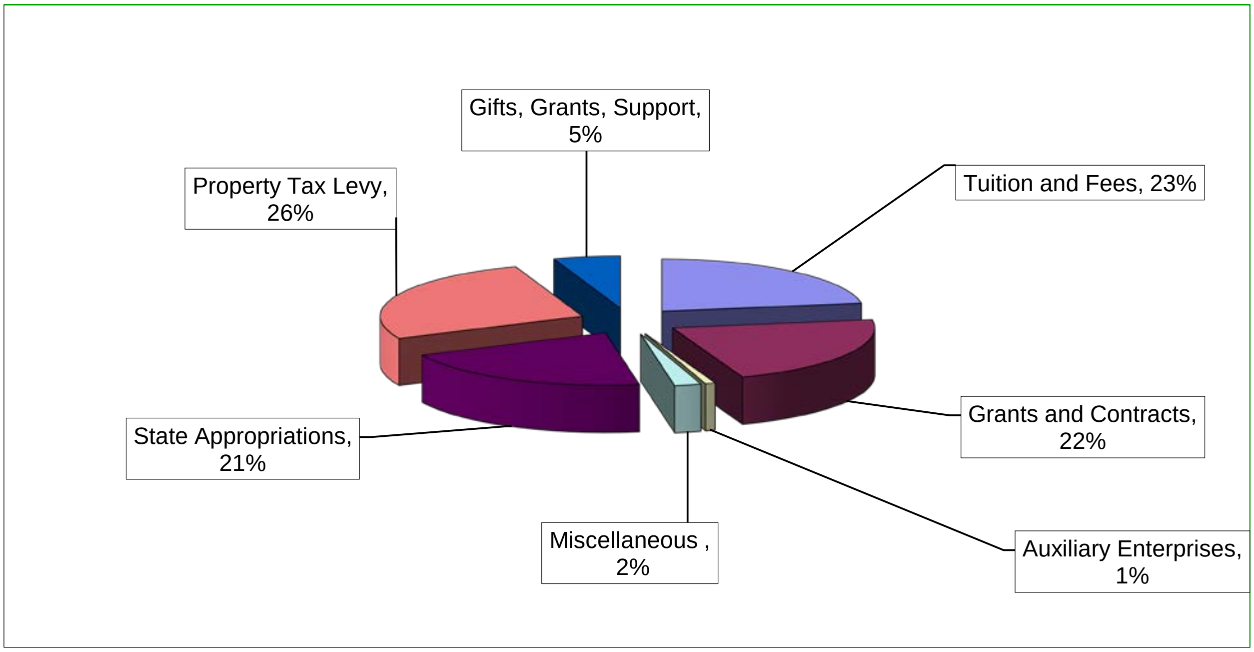
Non-operating expenses are also listed in the same category with non-operating revenues. This item includes the loss on the disposal of assets, the interest paid on the College's outstanding bond debts, as well as other costs associated with bond debt issuance and financing.

	2017	2016	2015
Interest on Capital Asset-Related Debt	$ 1,891,587	$ 1,658,166	$ 1,561,687
Loss on Disposal of Assets	28,039	-	1,418
Bond Issuance Costs	-	95,981	4,028
Total Non-Operating Expenses	$ 1,919,626	$ 1,754,147	$ 1,567,133

Not reflected in either the non-operating revenue/expense tables or charts is the "change in value of perpetual trusts". This amount fluctuates year to year based on market conditions for the funds held and administered by independent trustees. The change for the years 2017, 2016, and 2015 was $2,334,140, ($1,901,694), and ($1,366,206), respectively.

All Revenues – Combined

The following is a graphic illustration of the College's total revenues in all classifications--Operating Revenues, Non-operating Revenues and Other Revenues—for 2017:



For fiscal year 2017 property tax revenues accounted for 26% of total revenues, and is the largest single source of revenue for the College. This is a result of property tax values stabilizing while student enrollment declines. The second largest source of revenue is tuition and fees, followed by grants and contracts. State appropriations comprise 21% of the total revenues for the College as a whole for fiscal year 2017.

Statement of Cash Flows

In addition to the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, 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 the College during the fiscal year. The Statement of Cash Flows also helps to assess:

- The ability to generate future net cash flows
- The ability to meet obligations as they come due
- The need for external financing

The following is a condensed Statement of Cash Flows for the College, only summarizing cash receipts and cash payments by type of activity, for the three years ended June 30:

	(in millions)		
	2017	2016	2015
Cash and cash equivalents (used) provided by:			
Operating activities	$ (48.3)	$ (55.0)	$ (57.0)
Noncapital financing activities	55.0	57.5	57.4
Capital and related financing activities	(9.8)	12.7	(7.9)
Investing activities	6.1	(13.1)	4.1
Net increase (decrease) in cash and cash equivalents	3.0	2.1	(3.4)
Cash and cash equivalents, beginning of year	15.8	13.7	17.1
Cash and cash equivalents, end of year	$ 18.8	$ 15.8	$ 13.7

The $48.3 million in net cash used for operating activities includes $83.6 million in payments to employees and suppliers, offset by $35.3 million in cash received for tuition and fees, grants and contracts, auxiliary enterprise activities, and other miscellaneous revenues. This negative operating cash flow was covered by state appropriations, property taxes, Pell grants, gifts and other support, all of which are included in the $55.0 million in cash provided from non-capital financing activities.

The net cash used for capital and related financing activities of $9.1 million was mainly due to the debt millage property tax levy offset by purchases of capital assets, and payments to make required principal and interest payments on outstanding bonded debt.

The net cash inflow of $6.1 million in investing activities includes both regular and ongoing investment activities as well as investment activity for the College's bond issuances.

The overall result of cash flows is an increase in cash and cash equivalents of $3.0 million during 2017.

Capital Assets and Debt Administration

Capital Assets

The following table shows the breakdown of Property and Equipment balances by category at June 30:

	2017	2016	2015
Land	$ 1,240,940	$ 1,240,940	$ 1,240,940
Artwork	6,200	6,200	6,200
Construction in Progress	5,013,268	1,310,853	2,276,821
Buildings and Improvements	179,622,305	179,327,120	174,504,698
Infrastructure	13,696,246	10,374,388	10,342,938
Equipment	26,081,368	24,813,715	22,218,691
Vehicles	1,861,881	1,823,416	1,797,434
Library Books	2,283,111	2,249,741	2,214,301
Accumulated Depreciation	(134,021,234)	(127,613,568)	(121,144,236)
Total Property and Equipment	$ 95,784,085	$ 93,532,805	$ 93,457,787

Major capital additions completed this year included the following:

Parking Ramp	$3.0 million
Coffee Beanery	$181 thousand
Network Infrastructure Updates	$154 thousand

The College has future planned capital expenditures that include renovations and upgrades on existing facilities. These, in addition to other planned projects will be funded out of the 2016 bond proceeds. Additionally, replacement of computers and technology and the purchase of instructional equipment are expected to be funded with existing capital funds and planned transfers from operating funds.

More information about the College's capital assets is presented in the Notes to the Financial Statements.

Debt Administration

On March 30, 2016, the College issued $20,000,000 in Series 2016 Community College Bonds with an interest rate of 3.047%. This is a portion of the $50,000,000 authorized by voters, as discussed below.

On February 25, 2015 the College issued $14,715,000 in Series 2015 Community College Refunding Bonds with interest rates between 3.000 to 5.000%. These bonds were issued to advance refund the 2005 Series bonds and a portion of the 2006 Series bonds in the amounts of $10,050,000 and $6,250,000, respectively. The estimated savings is $1,575,677 and the economic gain of $1,418,065.

On March 20, 2014, the College issued $10,000,000 in Series 2014 Community College Bonds with interest rates between 2.000 and 4.000%. This is the first portion of the $50,000,000 authorized by voters, as discussed below.

On November 5, 2013, the College in the general election submitted a proposition to the electors that Mott Community College be allowed to borrow $50,000,000 in the issuance of bonds for capital expenditures. The election was successful and this bond authority was granted. The College issued its first tranche of $10,000,000 in March 2014 and the second on March 30, 2016 for $20,000,000.

At June 30, 2017, the College had $51.6 million in long-term bond-related debt outstanding, versus $57.3 million on June 30, 2016 and $43.5 million on June 30, 2015.

In August 2017, the College refunded the Series 2008 and 2009 bonds.

The College's underlying credit rating was reaffirmed at 'A+' from Standard & Poor's in March 2016 for all of its General Obligation debt including the series of bonds issued during 2016. According to Standard & Poor's the strong rating reflected continued improvements in the College's general fund balance that stabilized its financial position. The 'A+' rating also reflects the following credit characteristics: 1) a diversifying economy that benefits from its proximity to Oakland County; 2) strong financial position; and 3) a moderate debt burden as a percentage of market value, coupled with rapid amortization. Their rationale included evidence of planned balanced financial operations in the near future and the strength of our reserve levels. In January 2015, the College received another 'A+" rating on its refunding issue.

More detailed information about the College's long-term liabilities is presented in the Notes to the Financial Statements.

Economic Factors Affecting the Future

The economic position of the College is closely tied to that of Genesee County and the State of Michigan. Enrollment is counter cyclical to the economy. In poor economic times, enrollment traditionally increases and in good economic times enrollment generally wanes. Each condition offers unique financial challenges. Currently, the local economy continues to improve and enrollment is in decline for the fourth consecutive year. The 2017-2018 fiscal year enrollment, is also projected to decline.

C.S. Mott Community College's revenues from property taxes increased 5% annually from 2002-2007. Beginning with the 2008-2009 budget year, the College's property tax revenues decreased due to significant declines in the Genesee county property tax values. For the two budget years ended in 2009 and 2010, the College lost nearly $2.0 million. In the fiscal years ended June 30, 2011, 2012, and 2013 the College lost another $2.4, $1.3, and $1.3 million in General Fund property taxes, respectively. For the fiscal year ended June 2014, another $450 thousand was lost. The compounded losses for those four years total over $19.0 million. In order to balance these losses, substantial budget cuts coupled with above historical average tuition increases were made. The property taxes have stabilized and are anticipated to increase minimally in the foreseeable future.

The 2011-2012 state budget included a 4.2% decrease in the Appropriation to C.S. Mott Community College, or approximately $650 thousand. The 2012-2013 Appropriation included a restoration of the previous year cut bringing the appropriation to the 2010-2011 levels. In the budget year ended June 30, 2014 a 1.8% increase was approved bringing the total State Aid funding to MCC still approximately $300 thousand less than it was in 1999-2000. In June 30, 2017, 2016 and 2015 fiscal year ended, a nominal increase of roughly 1% was received. Given the current state budget problems, Michigan Public School Employees Retirement System MPSERS) unfunded liabilities, any increases in base funding is unlikely to keep up with inflation as State appropriations to community colleges have not kept up with the rate of inflation since 2000.

C.S. Mott Community College in January of 2010 elected to change the effective dates of its tuition and fees rates from an academic to a calendar year. In light of the continued significant losses in property tax revenue and a reduction in state aid for the 2011-2012 fiscal year, the Board of Trustees authorized substantial budget cuts and a $9.37 per contact hour tuition increase effective January 2012, making the in-district tuition rate $108.05/contact hour. This tuition increase and budget cuts did not close the budget gap and the Board of Trustees also authorized a $1.4 million use of the College's fund balance for the fiscal year ended June 30, 2012. At the June 2012 Board of Trustees meeting, the trustees voted unanimously to set the tuition for the calendar year 2013 at $117.23 per contact hour or an increase of $9.18 per contact hour. In June 2013, the Board of Trustees unanimously approved a $5.27/contact hour tuition increase beginning with the winter 2014 term and in June of 2014, the Board of Trustees unanimously approved a $3.80/contact hour increase bringing the in-district contact hour to $126.30 beginning in the Winter 2015 term. For the calendar year 2016, the Board of Trustees unanimously approved a tuition increase of $4.04/contact hour making the in-district contact hour $130.34. For the calendar year 2017, the Board approved a tuition increase of $4.56/contact hour making the in-district contact hour $134.90. As the College was fiscally preparing for the 17-18 budget year, we realized that the factors that changed the tuition from an academic year to a calendar year were no longer prevalent. With property taxes stabilizing and the College having difficulty with tuition reporting on a calendar year, the Board approved moving the tuition rate back to an academic year starting in the Fall of 2017. With this change an increase in tuition, $2.70, was also approved, making the in-district contact hour $137.60.

In the fiscal year ended June 30, 2012 significant legislation was passed by the State of Michigan capping the amount that the College could pay towards employee's health insurance. The College used this legislation to educate, inform, and provide its employees with alternatives thereby minimizing the financial impact to them.

In September of 2012, the Legislature passed and Governor signed a MPSERS reform bill capping the percentage that the college would be responsible to pay each year. These laws have helped address challenges of rising operating costs, especially within the employee benefit area. Under this state reform, each community college received through its yearly appropriation a restricted pass-through payment for its portion of the MPSERS liability pay down. MCC passed-through $2.6 million in fiscal year 2015, $3.1 million in fiscal year 2016, and $3.4 million in fiscal year 2017.

In April of 2007, the Board of Trustees adopted a five-year strategic plan for 2007-2012. This initiative was centered around the Board's desire for a learning-centered college with an emphasis on the cultural shift associated with the AQIP and the Continuous Quality Improvement (CQI) philosophies. This comprehensive strategic planning initiative is comprised of seven long-term goals in the areas of student learning and success, technology initiatives, systems improvement, economic and human resources development, institutional image and community relations, and budget/finance. These overarching goals are designed to result in quality delivery of education and training that continues to meet community needs while exceeding expectations. The College completed its update of the strategic plan and it was subsequently presented and adopted by the Board of Trustees in the fall of 2012 and extends through 2018.

C.S. Mott Community College
Statements of Net Position
June 30, 2017 and 2016

	Primary Government		Component Unit Foundation for Mott Community College	
	2017	2016	2017	2016
Assets				
Current assets				
Cash and cash equivalents	$ 18,813,218	$ 15,812,665	$ 90,553	$ 13,844
Short-term investments (Note 2)	3,216,623	2,992,073	-	-
State appropriation receivable	3,541,980	3,463,592	-	-
Accounts receivable - Net of allowance for uncollectible accounts ($5,549,248 for 2017 and $4,822,659 for 2016)	635,288	579,596	227,241	231,140
Grants receivable	3,553,757	3,380,997	-	-
Inventories	70,705	56,540	-	-
Prepaid expenses and other assets	1,082,069	937,909	8,032	9,000
Total current assets	30,913,640	27,223,372	325,826	253,984
Long-term investments	-	-	6,465,526	6,116,627
Investments - restricted, unspent bond proceeds (Note 2)	11,821,834	18,089,345	-	-
Beneficial interest in perpetual trusts	40,552,412	38,218,272	-	-
Other assets	-	-	48,719	44,443
Property and equipment - net of accumulated depreciation ($134,021,234 for 2017 and $127,613,568 for 2016) (Note 4)	95,784,085	93,532,805	-	-
Total assets	179,071,971	177,063,794	6,840,071	6,415,054
Deferred outflows of resources				
Deferred pension amounts (Notes 1 & 7)	10,914,493	8,580,388	-	-
Deferred charge on refunding	399,565	527,744	-	-
Total deferred outflows of resources	11,314,058	9,108,132	-	-

	Primary Government		Component Unit Foundation for Mott Community College	
	2017	2016	2017	2016
Liabilities				
Current liabilities				
Current portion of long-term liabilities (Note 5)	$ 6,919,061	$ 6,349,459	$ -	$ -
Accounts payable	5,128,275	3,784,660	4,624	4,047
Accrued interest payable	297,942	346,137	-	-
Accrued payroll and related liabilities	3,525,229	3,594,974	-	-
Deposits held for others	209,036	219,381	43,052	-
Unearned revenue	1,256,176	1,485,427	89,380	95,000
Other current liabilities	2,008,039	-	-	-
Total current liabilities	19,343,758	15,780,038	137,056	99,047
Long-term debt obligations (Note 5)	46,286,091	52,917,434	-	-
Net pension liability (Notes 1 & 7)	79,526,816	75,726,813	-	-
Accrued termination pay	2,232,040	2,219,889	-	-
Other accrued liabilites	154,040	153,583	-	-
Total liabilities	147,542,745	146,797,757	137,056	99,047
Deferred inflows of resources				
Deferred pension amounts (Notes 1 & 7)	7,188,202	8,405,545	-	-
Net position				
Net investment in capital assets	51,963,926	51,933,314	-	-
Restricted for				
Nonexpendable	40,552,412	38,218,272	2,129,054	2,028,342
Expendable				
Scholarships and awards	315,637	326,409	2,653,873	2,255,754
Debt service	816,992	664,811	-	-
Unrestricted (deficit)	(57,993,885)	(60,174,182)	1,920,088	2,031,911
Total net position	$ 35,655,082	$ 30,968,624	$ 6,703,015	$ 6,316,007

See notes to financial statements.

C.S. Mott Community College
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2017 and 2016

	Primary Government		Component Unit Foundation for Mott Community College	
	2017	2016	2017	2016
Revenues				
Operating revenues				
Tuition and fees	$ 34,326,983	$ 34,702,564	$ -	$ -
Less scholarship allowances	(12,552,928)	(14,670,206)	-	-
Federal grants and contracts	4,062,435	6,190,082	-	-
State and local grants and contracts	2,368,884	1,936,341	-	-
Private gifts and grants	3,365,975	1,927,273	502,054	253,142
Auxiliary enterprises	779,877	800,190	-	-
Miscellaneous	1,716,036	1,631,404	61,883	53,215
Total operating revenues	34,067,262	32,517,648	563,937	306,357
Expenses				
Operating expenses				
Instruction	30,751,325	32,000,746	-	-
Public service	5,612,474	6,255,363	-	-
Instructional support	11,063,877	11,533,493	488,640	510,277
Student services	15,361,308	15,634,297	283,014	275,580
Institutional administration	11,659,512	10,023,195	-	-
Operation and maintenance of plant	10,367,229	10,775,359	-	-
Depreciation	7,212,430	6,930,451	-	-
Foundation operations	-	-	100,824	106,171
Total operating expenses	92,028,155	93,152,904	872,478	892,028
Operating loss	(57,960,893)	(60,635,256)	(308,541)	(585,671)
Non-Operating Revenues (Expenses)				
State appropriations	20,014,098	16,975,697	-	-
Property tax levy	25,748,518	25,825,520	-	-
Pell grants	14,561,258	16,251,046	-	-
Gifts	1,808,232	1,939,348	-	-
Investment income	100,731	83,900	370,746	401,235
Net realized and unrealized loss on investments	-	-	324,803	(258,948)
Change in value of perpetual trusts	2,334,140	(1,901,694)	-	-
Interest on capital asset - related debt	(1,891,587)	(1,658,166)	-	-
Loss on disposal of assets	(28,039)	-	-	-
Bond issuance costs	-	(95,981)	-	-
Net non-operating revenues	62,647,351	57,419,670	695,549	142,287
(Decrease) increase in net position	4,686,458	(3,215,586)	387,008	(443,384)
Net position - beginning of year	30,968,624	34,184,210	6,316,007	6,759,391
Net position - end of year	$ 35,655,082	$ 30,968,624	$ 6,703,015	$ 6,316,007

See notes to financial statements.

C.S. Mott Community College
Statement of Cash Flows
Year Ended June 30, 2017

	Primary Government 2017	Component Unit Foundation for Mott Community College 2017
Cash Flows from Operating Activities		
Tuition and fees	$ 23,464,869	$ -
Grants and contracts	8,583,132	62,942
Payments to suppliers	(24,790,877)	(96,376)
Payments to employees	(58,796,316)	-
Auxiliary enterprises	411,597	-
Gifts received	703,092	492,095
Allocations to primary government	-	(771,654)
Other	2,118,536	-
Net cash used for operating activities	(48,305,967)	(312,993)
Cash Flows from Noncapital Financing Activities		
State appropriations	20,468,441	-
Local property taxes	18,151,262	-
Pell grants	14,561,258	-
Gifts and contributions for other than capital purposes	1,808,232	-
Agency transactions	(13,692)	-
Student loan receipts	20,351,797	-
Student loan disbursements	(20,323,844)	-
Net cash provided by noncapital financing activities	55,003,454	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(9,491,749)	-
Principal paid on capital debt	(5,897,513)	-
Capital property tax levy	7,597,256	-
Interest paid on capital debt	(2,030,240)	-
Net cash used for capital and related financing activities	(9,822,246)	-
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	7,020,581	437,874
Interest on investments	100,731	370,746
Deposit received on investment property	-	43,052
Purchase of investments	(996,000)	(461,970)
Net cash provided by investing activities	6,125,312	389,702
Net increase in cash and cash equivalents	3,000,553	76,709
Cash and cash equivalents - beginning of year	15,812,665	13,844
Cash and cash equivalents - end of year	$ 18,813,218	$ 90,553

See notes to financial statements.

C.S. Mott Community College
Statement of Cash Flows
Year Ended June 30, 2017

	Primary Government 2017	Component Unit Foundation for Mott Community College 2017
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating loss	$ (57,960,893)	$ (308,541)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	7,212,430	-
(Increase) decrease in assets:		
Grants receivable	(172,760)	-
Accounts receivable, net	(55,692)	3,899
Inventories	(14,165)	-
Prepaid expenses and other current assets	(144,160)	(3,308)
Increase (decrease) in liabilities:		
Accounts payable	1,343,615	577
Accrued payroll and other compensation	(57,594)	-
Other accrued liabilities	12,562	-
Unearned revenue	(229,251)	(5,620)
Deposits held for others	457	-
Other current liabilities	2,008,039	-
Net change in deferred outflows and inflows	3,551,448	
Net pension liability	(3,800,003)	-
Net cash used for operating activities	$ (48,305,967)	$ (312,993)

See notes to financial statements.

C.S. Mott Community College
Statement of Cash Flows
Year Ended June 30, 2016

	Primary Government 2016	Component Unit Foundation for Mott Community College 2016
Cash Flows from Operating Activities		
Tuition and fees	$ 19,946,817	$ -
Grants and contracts	10,471,554	50,000
Payments to suppliers	(25,239,318)	(115,889)
Payments to employees	(62,874,783)	-
Auxiliary enterprises	410,003	-
Gifts received	731,363	
Allocations to primary government	-	302,104
Other	1,580,074	(731,363)
Net cash used for operating activities	(54,974,290)	(495,148)
Cash Flows from Noncapital Financing Activities		
State appropriations	21,211,999	-
Local property taxes	17,927,158	-
Pell grants	16,251,046	-
Gifts and contributions for other than capital purposes	1,939,348	-
Agency transactions	(126,814)	-
Student loan receipts	22,583,550	-
Student loan disbursements	(22,227,291)	-
Net cash provided by noncapital financing activities	57,558,996	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(6,996,216)	-
Principal paid on capital debt	(6,455,355)	-
Bond Proceeds	20,000,000	-
Bond issuance costs	(95,981)	
Capital property tax levy	7,958,654	-
Interest paid on capital debt	(1,705,874)	-
Net cash used for capital and related financing activities	12,705,228	-
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	10,089,991	581,747
Interest on investments	83,901	402,950
Purchase of investments	(23,303,575)	(571,761)
Net cash provided by investing activities	(13,129,683)	412,936
Net (decrease) increase in cash and cash equivalents	2,160,251	(82,212)
Cash and cash equivalents - beginning of year	13,652,414	96,056
Cash and cash equivalents - end of year	$ 15,812,665	$ 13,844

See notes to financial statements.

C.S. Mott Community College
Statement of Cash Flows
Year Ended June 30, 2016

	Primary Government 2016	Component Unit Foundation for Mott Community College 2016
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating loss	$ (60,635,256)	$ (585,671)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	6,930,451	-
(Increase) decrease in assets:		
Grants receivable	968,875	-
Accounts receivable, net	(151,237)	7,324
Inventories	18,432	-
Prepaid expenses and other current assets	35,208	(7,518)
Increase (decrease) in liabilities:		
Accounts payable	(44,697)	(2,158)
Accrued payroll and other compensation	(87,939)	-
Other accrued liabilities	(23,635)	-
Unearned revenue	181,861	92,875
Deposits held for others	12,852	-
Net change in deferred outflows and inflows	(2,559,959)	
Net pension liability	380,754	-
Net cash used for operating activities	$ (54,974,290)	$ (495,148)

See notes to financial statements.

1. Basis of presentation and significant accounting policies

Reporting Entity – C.S. Mott Community College (the "College") is a Michigan community college, with its main campus located in Flint, Michigan and satellite sites in Genesee, Lapeer, and Livingston Counties. The College is governed by a Board of Trustees, whose seven members are elected for six-year overlapping terms.

The accompanying financial statements have been prepared in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) for determining the various organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Because of its economic interest, the Foundation for Mott Community College is included in the College's reporting entity as a discretely presented component unit. The Foundation for Mott Community College is a private organization that reports under the Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features differ from those under GASB. No modifications have been made to the Foundation financial information included in the College's financial report accounting for these differences.

Separate financial statements of the Foundation can be obtained by contacting the Foundation for Mott Community College, 1401 East Court Street, Flint, Michigan 48503.

Basis of presentation - The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to public colleges and universities as described in GASB Statement No. 35 and the *Manual for Uniform Financial Reporting- Michigan Public Community Colleges, 2001*. The College follows the "business-type" activities model of the 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 and services. Reporting for business-type activities is based on all applicable GASB pronouncements.

Significant accounting policies followed by the College are described below:

Accrual basis:

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 all highly liquid investments with an initial maturity of three months or less.

Short term investments:

Investments with an initial maturity of greater than three months but less than twelve months.

Gifts and pledges:

Gifts are recorded at estimated fair values when received, and pledges are recorded at their net present value when it is determined that collection of the gift is probable.

1. <u>Basis of presentation and significant accounting policies</u> – (continued)

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. Realized and unrealized gains and losses from securities in the investment accounts are allocated monthly based on the relationship of the estimated market value of each account to the total market value of the investment accounts, as adjusted for additions to or deductions from those accounts.

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 measurements, refer to Note 2 to the financial statements.

Allowance for Doubtful Accounts:

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

Inventories:

Inventories, including supplies, are stated at the lower of cost (first-in, first-out) or market.

1. <u>Basis of presentation and significant accounting policies</u> – (continued)

Property and Equipment:

Property and equipment are recorded at cost or, if donated, the fair value at the time of donation. Property and equipment are depreciated over their estimated useful lives ranging from 5-50 years. Depreciation is computed using the straight-line method. No depreciation is recorded on land or art. Expenditures for major renewals and betterments that extend the useful lives of the capital assets are capitalized. The College has a policy of capitalizing only property and equipment purchases of $5,000 and over. Expenditures for maintenance and repairs are charged to current expenditures as incurred.

Accrued Compensated Balances and Accrued Termination Pay:

Compensated absences are reported as accumulated liabilities to be paid under the College's current vacation, compensatory, and terminated leave pay policies. Vacation and compensatory pay is a component of accrued payroll and related liabilities, and as the amounts are due on demand at the time of employee termination, the liability is classified as current in the accompanying statement of net position.

College employees receive termination pay benefits based on years of services and eligibility requirements listed under their union contracts. Accrued termination pay is calculated using a third party actuary and is presented in the non-current liability section of the accompanying statements of net position. See Note 7 for additional information.

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, deferred outflows of resources, 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 debt 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 related amounts. More detailed information can be found in Note 7.

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.

Deferred inflows of resources at June 30, 2017 include approximately $2,453,000 for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and $4,735,000 related to the pension plan described in Note 7.

Deferred inflows of resources at June 30, 2016 include approximately $2,186,000 for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and $6,219,000 related to the pension plan described in Note 7.

1. Basis of presentation and significant accounting policies – (continued)

Pension:

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.

Property Tax:

For the year ended June 30, 2017, the College implemented GASB Statement No. 77, Tax Abatement Disclosures, which improves disclosure of tax abatement information, such as how the tax abatements affect the College financial statements, operations, and ability to raise resources in the future, by reporting (1) the College's own tax abatement agreements, and (2) those entered into by other governments that reduce the College's tax revenues. See Note 12, regarding the effect of this pronouncement on the College.

Reclassification:

Certain amounts as reported in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

Operating and Non-operating revenues:

All revenues from programmatic sources are considered to be operating revenues. Included in non-operating revenues are state appropriations, property taxes, Pell grants, investment income and gifts.

Revenue recognition:

Revenues are recognized in the period earned. Revenue recorded prior to year end that related to the next fiscal period is recorded as unearned revenue.

State appropriations for operations are recognized ratably over the state appropriation period. The appropriation period is from October 1 – June 30.

Property taxes, net of estimated refunds and uncollectible amounts, are recognized on the accrual basis in the year for which the levy was intended.

Tuition revenue is recognized as revenue in the semester during which the tuition is earned. Any amounts received prior to June 30 and related to the period after June 30 are deferred and reported as unearned revenue.

1. <u>Basis of presentation and significant accounting policies</u> – (continued)

Scholarship Allowances:

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

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net position:

Net position is classified according to external donor restrictions or availability of assets for satisfaction of College obligations. Nonexpendable restricted net position includes gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represent funds that have been gifted for specific purposes and funds held in federal loan programs.

Certain unrestricted net position is designated by the Board for the College Life enhancement Fund, repairs and upgrades to parking facilities, and a reserve fund to protect the College against emergencies.

Restricted resources:

The College applies expenses first against restricted resources when an expense is incurred for which both restricted and unrestricted net position are available.

Bond issuance costs:

Bond issuance costs are expensed when incurred.

Subsequent Events:

The financial statements and related disclosures include evaluation of events up through and including November 7, 2017, which is the date the financial statements were available to be issued.

2. Cash, investments and fair value measurements

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

	2017	2016
Cash and cash equivalents	$18,813,218	$15,812,665
Short term investments	3,216,623	2,992,073
Investments - restricted, unspent bond proceeds	11,821,834	18,089,345
Total	$33,851,675	$36,894,083

The amounts are categorized as follows at June 30:

	2017	2016
Bank deposits (checking, savings, cash sweep accounts and money markets)	$18,802,853	$15,802,419
Petty cash	10,365	10,246
Certificates of deposit	1,735,850	1,491,673
Investments in government obligations	13,302,607	19,589,745
Total	$33,851,675	$36,894,083

As of June 30, 2017, the College had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-10 Years	Credit Rating	Rating Organization
Certificates of Deposit	$ 1,735,850	$ 1,239,120	$ 496,730	N/A	N/A
Federal Government Obligations	3,827,454	3,827,454	-	N/A	N/A
Federated Government Agency Bonds	7,979,023	7,742,550	236,473	AA+	S&P
Municipal Bonds	1,496,130	1,496,130		MIG1	Moody's
Total	$ 15,038,457	$ 14,305,254	$ 733,203		

2. Cash, investments and fair value measurements – (continued)

As of June 30, 2016, the College had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-10 Years	Credit Rating	Rating Organization
Certificates of Deposit	$ 1,491,673	$ 1,242,555	$ 249,118	N/A	N/A
Commercial Paper	4,489,300	4,489,300	-	N/A	N/A
Federal Government Obligations	1,555,270	1,555,270	-	N/A	N/A
Federated Government Agency Bonds	12,038,725	4,002,879	8,035,846	AA+	S&P
Municipal Bonds	1,506,450	-	1,506,450	MIG1	Moody's
Total	$ 21,081,418	$ 11,290,004	$ 9,791,414		

College investments:

Investment policies for cash and investments as set forth by the Board of Trustees authorize the College to invest in bonds, bills or notes of the United States or other obligations of the State; certificates of deposit insured by a state or national bank or savings and loan organized and authorized to operate in the State of Michigan; commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase; and managed investment programs for the investment of school funds as approved by the Board of Trustees and in accordance with Michigan State law.

Interest rate risk:

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. Investments with interest rates that are affixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk:

The College is authorized by Michigan Public Act 237 of 2008 to invest surplus monies in bonds, bills, and notes of the United States or obligations of the State of Michigan, mutual funds and investment pools that are composed of authorized investments, bankers acceptances, commercial paper rated prime by at least one of the standard rating services, negotiable certificates of deposit and certain repurchase agreements. The College has no investment policy that would further limit its investment choices.

Custodial credit risk - Investments:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's investment policy does not address custodial credit risk. All of the investments are, however, in the name of the College, and the investments are held in trust accounts with each financial institution from which they were purchased.

2. Cash, investments and fair value measurements - (continued)

Custodial credit risk - Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be available or returned. The College does not have a deposit policy for custodial credit risk. The College does not require deposits to be insured or collateralized and it is precluded by state law from collateralizing its deposits. Of the deposits and cash that the College held as of June 30, 2017, $1,042,795 was covered by federal depository insurance and the temporary liquidity guarantee program. $17,770,423 was uninsured and uncollateralized for the year ended June 30, 2017. Of the deposits and cash that the College held as of June 30, 2016, $750,000 was covered by federal depository insurance and the temporary liquidity guarantee program. $15,062,665 was uninsured and uncollateralized for the year ended June 30, 2016.

Fair value measurements:

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, 2017 or 2016.

Money market funds: Shares held in money market funds are comprised of debt securities with individual maturities of 13 months or less and an average maturity of 75 days or less. The composition of securities is structured to maintain a value of $1 per share and these funds are classified as Level 1.

Certificates of deposit: Valued at face value plus accrued interest earned and classified as Level 1.

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

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

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:

2. Cash, investments and fair value measurements - (continued)

2017	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ 1,735,850	$ -	$ -	$ 1,735,002
Debt securities				
U.S. Government & agencies	7,979,023	-	-	7,979,871
Municipal bonds	1,496,130	-	-	1,496,130
Corporate bonds	-	-	-	-
Money market accounts	3,827,454	-	-	3,827,454
Total investments at fair value	$ 15,038,457	$ -	$ -	$ 15,038,457

2016	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ 1,491,673	$ -	$ -	$ 1,491,673
Debt securities				
U.S. Government & agencies	12,038,725			12,038,725
Municipal bonds	1,506,450			1,506,450
Corporate bonds	4,489,300			4,489,300
Money market accounts	1,555,270		-	1,555,270
Total investments at fair value	$ 21,081,418	$ -	$ -	$ 21,081,418

Foundation for Mott Community College:

Investments are comprised of mutual funds, common stock, debt securities and real estate holdings with a fair market value of $6,465,526 and $6,116,627 as of June 30, 2017 and June 30, 2016, respectively.

Concentration of Credit Risk:

The College places no limit on the amount the College may invest in any one issuer. More than fifty seven percent of the College's investments at June 30, 2017 and 2016 were invested in U.S. Government & agencies.

3. Beneficial interest in perpetual trusts

The College's beneficial interest in perpetual trusts represents funds held in and administered by independent trustees. The College derives income from such funds but they are not in the possession of or under control of the College. Changes in the value of the beneficial interest are recorded as a component of non-operating revenue/expense.

4. Property and equipment

The changes in various capital asset class categories for the year ended June 30, 2017 are as follows:

	Beginning Balance	Transfer/ Additions	Transfer/ Deletions	Ending Balance	Estimated Useful Life (in years)
Nondepreciable capital assets:					
Land	$ 1,240,940	$ -	$ -	$ 1,240,940	
Artwork	6,200	-	-	6,200	
Construction in progress (see note 9)	1,310,853	3,702,415	-	5,013,268	
Total nondepreciable capital assets	2,557,993	3,702,415	-	6,260,408	
Depreciable capital assets:					
Buildings and improvements	176,409,149	295,185	-	176,704,334	15 - 50
Leasehold improvements	2,917,971	-	-	2,917,971	5
Infrastructure	10,374,388	3,321,858	-	13,696,246	10 - 50
Computer equipment	7,965,453	343,096	(333,584)	7,974,965	5 - 10
Audio-visual equipment	887,355	51,228	(20,246)	918,337	5 - 10
Other equipment	15,960,907	1,641,075	(413,916)	17,188,066	5 - 20
Vehicles	1,823,416	103,522	(65,057)	1,861,881	8
Library books	2,249,741	33,370	-	2,283,111	5
Total depreciable capital assets	218,588,380	5,789,334	(832,803)	223,544,911	
Total capital assets	221,146,373	9,491,749	(832,803)	229,805,319	
Less: accumulated depreciation:					
Buildings and improvements	97,045,488	5,322,719	-	102,368,207	
Leasehold improvements	2,684,692	8,621	-	2,693,313	
Infrastructure	8,264,498	303,336	-	8,567,834	
Computer equipment	5,848,475	505,140	(317,895)	6,035,720	
Audio-visual equipment	753,320	30,108	(20,246)	763,182	
Other equipment	9,368,466	905,717	(401,566)	9,872,617	
Vehicles	1,501,303	105,994	(65,057)	1,542,240	
Library books	2,147,326	30,795	-	2,178,121	
Total accumulated depreciation	127,613,568	7,212,430	(804,764)	134,021,234	
Total net capital assets	$ 93,532,805	$ 2,279,319	$ (28,039)	$ 95,784,085	

4. Property and equipment – (continued)

The changes in various capital asset class categories for the year ended June 30, 2016 are as follows:

	Beginning Balance	Transfer/ Additions	Transfer/ Deletions	Ending Balance	Estimated Useful Life (in years)
Nondepreciable capital assets:					
Land	$ 1,240,940	$ -	$ -	$ 1,240,940	
Artwork	6,200	-	-	6,200	
Construction in progress (see note 9)	2,276,821	1,310,853	(2,276,821)	1,310,853	
Total nondepreciable capital assets	3,523,961	1,310,853	(2,276,821)	2,557,993	
Depreciable capital assets:					
Buildings and improvements	171,586,727	4,822,422	-	176,409,149	15 - 50
Leasehold improvements	2,917,971	-	-	2,917,971	5
Infrastructure	10,342,938	31,450	-	10,374,388	10 - 50
Computer equipment	6,804,373	1,523,463	(362,383)	7,965,453	5 - 10
Audio-visual equipment	864,889	54,773	(32,307)	887,355	5 - 10
Other equipment	14,549,429	1,483,118	(71,640)	15,960,907	5 - 20
Vehicles	1,797,434	25,982	-	1,823,416	8
Library books	2,214,301	35,440	-	2,249,741	5
Total depreciable capital assets	211,078,062	7,976,648	(466,330)	218,588,380	
Total capital assets	214,602,023	9,287,501	(2,743,151)	221,146,373	
Less: accumulated depreciation:					
Buildings and improvements	91,811,672	5,233,816	-	97,045,488	
Leasehold improvements	2,676,071	8,621	-	2,684,692	
Infrastructure	7,976,963	287,535	-	8,264,498	
Computer equipment	5,834,263	376,595	(362,383)	5,848,475	
Audio-visual equipment	736,769	43,650	(27,099)	753,320	
Other equipment	8,617,451	822,655	(71,640)	9,368,466	
Vehicles	1,376,116	125,187	-	1,501,303	
Library books	2,114,931	32,395	-	2,147,326	
Total accumulated depreciation	121,144,236	6,930,454	(461,122)	127,613,568	
Total net capital assets	$ 93,457,787	$ 2,357,047	$ (2,282,029)	$ 93,532,805	

C.S. Mott Community College's library renovation was partially financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into between the SBA, the State of Michigan, and the College. During the lease term, the SBA holds title to the building, the State of Michigan makes all lease payments directly to the SBA, and the College is responsible for all operating and maintenance costs. At the expiration of the lease, on June 30, 2046, the SBA will transfer title to the building to the College. The cost ($8.2 million) and accumulated depreciation for the facility is included in the accompanying statements of net position.

4. Property and equipment – (continued)

C.S. Mott Community College's regional technology center renovation was partially financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into between the SBA, the State of Michigan, and the College. During the lease term, the SBA holds title to the building, the State of Michigan makes all lease payments directly to the SBA, and the College is responsible for all operating and maintenance costs. At the expiration of the lease, on August 31, 2037, the SBA will transfer title to the building to the College. The cost ($33.4 million) and accumulated depreciation for the facility is included in the accompanying statements of net position.

5. Long term liabilities

The changes in long term liabilities for the year ended June 30, 2017 are as shown below.

Building and Improvement Bonds:	Interest Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance	Current Obligations
Series 2008	3.375% - 4.625%	May 1, 2023	8,575,000	-	1,225,000	7,350,000	1,225,000
Series 2009	3.00% - 4.00%	May 1, 2021	2,040,000	-	545,000	1,495,000	540,000
Series 2012	1.215%	May 1, 2019	4,080,000	-	1,305,000	2,775,000	1,365,000
Series 2014	2.00% - 4.00%	May 1, 2033	9,900,000	-	50,000	9,850,000	175,000
Series 2015	3.00% - 5.00%	May 1, 2021	12,665,000	-	2,505,000	10,160,000	2,515,000
Series 2016	3.047%	May 1, 2035	20,000,000	-	-	20,000,000	325,000
Total bonds payable			57,260,000	-	5,630,000	51,630,000	6,145,000
Installment Purchase - Lapeer building & land	0%	December 21, 2017	465,916	-	232,958	232,958	232,958
Capital Lease - Copiers	4.625%	May 1, 2020	120,080	-	30,019	90,061	31,435
Capital Lease - Copiers	10.980%	February 1, 2018	7,849		4,536	3,313	3,313
Accrued termination pay			2,418,783	385,498	311,122	2,493,159	261,119
Bond premium			1,310,180	-	237,510	1,072,670	237,510
Other accrued liabilities			169,125	-	7,359	161,766	7,726
Total bonds payable and other long term liabilites			$ 61,751,933	$ 385,498	$ 6,453,504	55,683,927	$ 6,919,061
Current long term liabilities						6,919,061	
Long term liabilities						$ 48,764,866	

5. Long term liabilities – (continued)

Debt service requirements are as follows:

		Total	Principal	Interest
Year ended	June 30, 2018	$ 8,204,003	$ 6,412,706	$ 1,791,297
	June 30, 2019	7,686,409	6,122,920	1,563,489
	June 30, 2020	6,729,293	5,340,707	1,388,586
	June 30, 2021	6,480,225	5,315,000	1,165,225
	June 30, 2022 - June 30, 2026	14,643,956	10,705,000	3,938,956
	June 30, 2027 - June 30, 2031	12,472,244	10,130,000	2,342,244
	June 30, 2032 - June 30, 2033	8,525,575	7,930,000	595,575
		$ 64,741,705	$ 51,956,333	$ 12,785,372

The changes in long term liabilities for the year ended June 30, 2016 are as shown below.

Building and Improvement Bonds:	Interest Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance	Current Obligations
Series 2006	4.00% - 5.00%	May 1, 2021	$ 1,100,000	$ -	$ 1,100,000.00	$ -	$ -
Series 2008	3.375% - 4.625%	May 1, 2023	9,800,000	-	1,225,000	8,575,000	1,225,000
Series 2009	3.00% - 4.00%	May 1, 2021	2,570,000	-	530,000	2,040,000	545,000
Series 2012	1.215%	May 1, 2019	5,315,000	-	1,235,000	4,080,000	1,305,000
Series 2014	2.00% - 4.00%	May 1, 2033	9,950,000	-	50,000	9,900,000	50,000
Series 2015	3.00% - 5.00%	May 1, 2021	14,715,000	-	2,050,000	12,665,000	2,505,000
Series 2016	3.047%	May 1, 2035	-	20,000,000	-	20,000,000	-
Total bonds payable			43,450,000	20,000,000	6,190,000	57,260,000	5,630,000
Installment Purchase - Lapeer building & land	0%	December 21, 2017	698,874	-	232,958	465,916	232,958
Capital Lease - Copiers	4.625%	May 1, 2020	151,072	-	30,992	120,080	30,017
Capital Lease - Copiers	10.980%	February 1, 2018	-	9,254	1,405	7,849	4,537
Accrued termination pay			2,423,505	297,902	302,624	2,418,783	198,895
Bond premium			1,547,690	-	237,510	1,310,180	237,510
Other accrued liabilities			177,218	-	8,093	169,125	15,542
Total bonds payable and other long term liabilites			$ 48,448,359	$ 20,307,156	$ 7,003,582	61,751,933	$ 6,349,459
Current long term liabilities						6,349,459	
Long term liabilities						$ 55,402,474	

6. Operating Leases

The College leases equipment under non-cancellable operating leases. Total cost for such leases was $88,140 for 2017 and $98,136 for 2016. The future minimum lease payments for these leases are as follows:

Years Ending June 30,	Amount
2018	$ 87,240
2019	47,357
2020	540
Total	$ 135,137

7. Employee benefits

Retirement Plan

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

The System 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 www.michigan.gov/mpsers-cafr.

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.

7. Employee benefits – (continued)

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, 2016 valuation will be amortized over a 21-year period for the 2016 fiscal year. In addition, the College is invoiced monthly an amount for "MPSERS UAAL Stabilization." This additional contribution is offset by monthly State aid payments equal to the amounts actually billed by the Office of Retirement Services. Employer contribution requirements for pension, exclusive of the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization, range from 15.27% - 19.03% for October 1, 2016 to June 30, 2017, 14.56% - 18.95% for October 1, 2015 to September 30, 2016 and 18.76% - 23.07% for July 1, 2015 to September 30, 2015.

The plan options include Basic, Member Investment Plan (MIP), MIP Fixed, MIP Graded, MIP Plus, and Pension Plus. Beginning February 1, 2013 existing members could transition to Basic 4%, MIP 7%, or a defined contribution plan (DC). Depending on the plan selected, plan member contributions range from 0% to 7% of reportable wages.

The College's contributions to MPSERS under all pension plans for the year ended June 30, 2017 and June 30, 2016, was $7,196,865 and $7,229,049, respectively.

In addition, the College's recognized contributions include $2,452,692 and $2,273,748 in revenue from the State of Michigan to fund the MPSERS UAAL Stabilization Rate for the years ended June 30, 2017 and 2016. These funds were also remitted to the plan.

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

At June 30, 2017 and 2016, the College reported a liability of $79,526,816 and $75,726,813 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2015 and 2014, 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, 2016, the College's proportion (as calculated by MPSERS) was 0.31875%, which was a increase of (0.00871%) from its proportion measured as of September 30, 2015 of 0.31004%.

7. Employee benefits – (continued)

For the year ended June 30, 2017, the College recognized pension expense of $6,410,700. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2017	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differnces between expected & actual experience	$ 991,114	$ 188,481	$ 802,633
Changes in assumptions	1,243,340	-	1,243,340
Net difference between projected and actual earnings on pension plan investments	1,321,735	-	1,321,735
Changes in proprtion and differences between employer contributions and proportonate share of contributions	1,732,331	4,547,029	(2,814,698)
	5,288,520	4,735,510	553,010
College contributions subsequent to measurement date	5,625,973	-	5,625,973
Total	$ 10,914,493	$ 4,735,510	$ 6,178,983

For June 30, 2017, $5,625,973 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2018. The $2,452,692 reported as deferred inflows resulting from the pension portion of the state appropriations received pursuant to Sec 147c of the State School Aid Act (PA194 of 1979), will be recognized as state aid revenue for the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2018	$ (542,931)
2019	(647,057)
2020	1,187,894
2021	555,104
Total	$ 553,010

7. **Employee benefits – (continued)**

For the year ended June 30, 2016, the College recognized pension expense of $4,834,225. At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2016	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differnces between expected & actual experience	$ -	$ 250,829	$ (250,829)
Changes in assumptions	1,864,555	-	1,864,555
Net difference between projected and actual earnings on pension plan investments	386,524	-	386,524
Changes in proprtion and differences between employer contributions and proportonate share of contributions	147,236	5,968,390	(5,821,154)
	2,398,315	6,219,219	(3,820,904)
College contributions subsequent to measurement date	6,182,073	-	6,182,073
Total	$ 8,580,388	$ 6,219,219	$ 2,361,169

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 liability in the September 30, 2016 and 2015 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation	3.5%
Investment rate of return:	7.0% - 8.0% net of investment expenses based on the groups
Projected salary increases	3.5% - 12.3%, including wage inflation of 3.5%
Mortality	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB.

7. Employee benefits – (continued)

Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2016 and 2015, is based on the results of an actuarial valuation date of September 30, 2015, and rolled forward using generally accepted actuarial procedures, including the experience study for 2014.

Long Term Expected Return on 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, 2016 and 2015, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00%	5.90%
Alternative investment pools	18.00%	9.20%
International equity pools	16.00%	7.20%
Fixed income pools	10.50%	0.90%
Real estate and infrastructure pools	10.00%	4.30%
Absolute return pools	15.50%	6.00%
Short - term investment pools	2.00%	0.00%
	100.00%	

Discount Rate: A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 8.0%, 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% lower (7.0%) or 1% higher (9.0%) than the current rate for the years ended June 30, 2017 and 2016, respectively:

7. **Employee benefits – (continued)**

2017	1% Decrease (7.0%)	Current Discount Rate	1% Increase (9.0%)
College's proportionate share of the net pension liability	$ 102,410,522	$ 79,526,817	$ 60,233,653

2016	1% Decrease (7.0%)	Current Discount Rate	1% Increase (9.0%)
College's proportionate share of the net pension liability	$ 97,631,275	$ 75,726,813	$ 57,260,455

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

Payable to the Pension Plan. At June 30, 2017 and 2016, the College reported a payable of $617,327 and $511,344, respectively for the outstanding amount of pension contributions to the Plan required for the years ended June 30, 2017 and 2016.

Changes Since the Measurement Date: On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual valuation by 0.50%. The actuarial computed employer contributions and net pension liability for the measurement period ending September 30, 2017 will increase as a result of this change.

Other Postemployment Benefits

Retirees enrolled in MPSERS before September 4, 2012 have the option of participating in the Premium Subsidy plan, a defined benefit postemployment healthcare plan, which is funded by employers on a prefunded basis. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension. Employer contributions range from 2.20% to 6.83% of covered payroll. Plan participants contribute 3% of covered payroll to the Retiree Healthcare Fund. At retirement, these individuals receive a subsidy for healthcare premiums that covers up to 80% of cost.

Plan members enrolled on or after September 4, 2012 participate in the Personal Healthcare Fund. This defined contribution other postemployment benefits plan includes a required 2% employee contribution into a personal tax-deferred account, which is matched by an additional 2% employer contribution. Employees are fully vested in these contributions which can be used, along with earnings thereon, to pay for postemployment healthcare expenses. Plan members working prior to September 4, 2012 were given the option to convert from the Premium Subsidy plan to the Personal Healthcare Fund option. Effective February 1, 2013, these members are no longer required to make the 3% employee contribution. Amounts paid into the Retiree Healthcare Fund between September 4, 2012

7. Employee benefits – (continued)

and February 1, 2013 were credited to each individual's Personal Healthcare Fund account. Any contributions made prior to September 4, 2012 are pending a U.S. Supreme Court resolution.

The College's contributions to MPSERS for other postemployment benefits amounted to $1,451,297, $2,549,239, and $940,480 for the years ended June 30, 2017, 2016 and 2015, respectively.

Defined Contribution Plan
Certain employees of the College may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). The ORP has 131 members and is a single employer plan. Under the ORP, the College contributes between 10% and 13.54%, and the participant contributes 3.9% of the participant's compensation. Total covered payroll and College contributions for the years ended June 30, 2017 and 2016 were $10,726,192 and $1,205,356 and $10,508,991 and $1,200,860, respectively.

In addition to the MPSERS and ORP plans, the College also provides deferred compensation plans to all of its full-time employees under Sections 403(b) and 457(b) of the U.S. Internal Revenue Code. Employees may make elective deferrals up to amounts allowable by current tax law.

Accrued Termination Pay
The total amount of termination benefits paid out were $162,372 and $302,623 for the years ended June 30, 2017 and 2016, respectively. The actuarial assumptions are as follows:

Assumption	June 30, 2017	June 30, 2016
Cost method	Projected unit credit	Projected unit credit
Discount rate	3.28% per annum	2.78 % per annum
Staff salary scale	1.5% per annum	0.75% per annum
Faculty salary scale	1.5% per annum	0.75% per annum
Health care inflation	3.3% per annum	2.5% per annum
Mortality rate, pre-retirement	MP-2016 Dynamic, white collar employee (sex distinct) mortality	MP-2016 Dynamic, white collar employee (sex distinct) mortality
Mortality rate, post-retirement	MP-2016 Dynamic, white collar annuitant (sex distinct) mortality	MP-2016 Dynamic, white collar annuitant (sex distinct) mortality

8. Contingencies and Commitments

The College participates in various grant programs, both federal and state sponsored. The funds received through these programs are subject to audits by the grantor agencies and the results of these audits might identify costs that are not allowable. The College also has various construction contract commitments. Note 9 describes these commitments.

9. Construction in Progress

The College started a construction project on campus consisting of upgrades and repairs to the Ramps G, K, and J parking structures. As of June 30, 2017 total expenditures were $1,959,427. The completion of this project will occur at the end of August 2017. The total expense of this project is estimated to be $3,560,000.

The College started multiple construction projects on campus consisting of the following: LAN replacement, renovations to Respiratory Lab, renovations to Ballenger Field House, replacements of door at Physical Plant Operations and Curtis-Mott Building, replacement of the fire alarm system, fiber plant expansion, renovations of the Data Center, fire pump replacement at Southern Lakes campus, renovations to the Kearsley Park concessions, renovations to CM2135 and CM2137 in the Curtis Mott Building, VADC roof replacement, removal of AV closets in Curtis Mott, and renovation to the Gorman Drive Plaza. As of June 30, 2017 total expenditures were $3,053,841. The completion of these projects will occur sometime during the 2017-2018 fiscal year. The total expense of these projects is estimated to be $6,094,973.

10. Risk Management

The College is exposed to various risks of loss related to property loss, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College has purchased commercial insurance for property loss, errors and omissions and medical benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

11. Advance refunding

In prior years, the College defeased certain other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2017 and 2016, $23,785,000 and $30,195,000, respectively of bonds outstanding are considered defeased.

Subsequent to year-end, $7.39 million of bonds were refunded via a $7.39 million bond issuance, thus no cash proceeds were received. The advance refunding will reduce the total debt service payments by approximately $417,000, which represents a present value economic gain of approximately $397,000.

12. GASB 77 Statement No. 77 – Tax Abatements

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

For the fiscal year ended June 30, 2017 and June 20, 2016, the College's property tax revenues were reduced by $96,652 and $102,158, respectively.

13. GASB 75 Statement No. 75

"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", is effective for the College's fiscal year 2018 and establishes new recognition and disclosure requirements for employers that provide other postemployment benefits (OPEB) to recognize a net OPEB liability on their statement of net position based on an actuarial valuation of retiree healthcare. Since the College participates in the MPSERS OPEB plan, it will report a liability for its "proportionate share" of the "net OPEB liability" of the MPSERS OPEB plan. The College will be required to recognize OPEB expense, deferred outflows of resources and deferred inflows of resources related to its proportionate share of the corresponding collective OPEB amounts. The methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service will be specified in this Statement. Further updates are expected as MPSERS OPEB begins their actuarial calculations.

Required Supplemental Information

C.S. Mott Community College
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the College's Proportionate Share of the Net Pension Liability
as of the Plan Year Ended September 30:

	2016	2015	2014
College's proportion of the net pension liability	0.31876%	0.31004%	0.34207%
College's proportionate share of the net pension liability	$ 79,526,817	$ 75,726,813	$ 75,346,059
College's covered employee payroll	$ 26,711,512	$ 26,065,757	$ 27,855,602
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	297.72%	290.52%	270.49%
Plan fiduciary net position as a percentage of the total pension liability	63.01%	63.17%	66.20%

NOTE: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

C.S. Mott Community College
MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of College's Contributions

	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
Contractually required contribution	$ 7,019,603	$ 7,229,049	$ 8,419,942
Contribution in relation to the contractually required contribution	(7,019,603)	(7,229,049)	(8,419,942)
Contribution deficiency (excess)	$ -	$ -	$ -
College's covered payroll	24,173,177	26,065,757	$ 27,855,602
Contribution as a percentage of covered employee payroll	29.04%	27.73%	30.23%

NOTE: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Other Supplemental Information

C.S. Mott Community College
Combining Statement of Net Position
June 30, 2017

	Combined Total	General Fund	Pension Liability Fund
Assets			
Current assets			
Cash and cash equivalents	$ 18,813,218	$ 13,318,219	$ -
Short-term investments	3,216,623	-	-
State appropriation receivable	3,541,980	3,541,980	-
Accounts receivable -			-
net of $5,549,248 allowance	635,288	424,140	-
Grants receivable	3,553,757	-	-
Inventories	70,705	70,705	-
Prepaid expenses and other assets	1,082,069	1,058,180	-
Total current assets	30,913,640	18,413,224	-
Investments - restricted, unspent bond proceeds	11,821,834	-	-
Beneficial interest in perpetual trusts	40,552,412	-	-
Property and equipment -			
net of $134,021,234 accumulated depreciation	95,784,085	-	-
Total assets	179,071,971	18,413,224	-
Deferred outflows of resources			
Deferred pension amounts	10,914,493	-	10,914,493
Deferred charge on refunding	399,565	-	-
Total deferred outflows of resources	11,314,058	-	10,914,493

Designated Fund	Auxiliary Fund	Agency Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
$ -	$ -	$ -	$ -	$ -	$ 5,494,999
-	-	-	-	-	3,216,623
-	-	-	-	-	-
1,478	7,856	201,814	-	-	-
-	-	-	3,553,757	-	-
-	-	-	-	-	-
-	-	-	-	-	23,889
1,478	7,856	201,814	3,553,757	-	8,735,511
-	-	-	-	-	11,821,834
-	-	-	-	40,552,412	-
-	-	-	-	-	95,784,085
1,478	7,856	201,814	3,553,757	40,552,412	116,341,430
-	-	-	-	-	-
-	-	-	-	-	399,565
-	-	-	-	-	399,565

C.S. Mott Community College
Combining Statement of Net Position (continued)
June 30, 2017

	Combined Total	General Fund	Pension Liability Fund
Liabilities			
Current liabilities:			
Current portion of debt obligations	$ 6,919,061	$ 268,845	$ -
Accounts payable	5,128,275	5,120,789	-
Due to (from) other funds	-	(2,736,275)	-
Accrued interest payable	297,942	-	-
Accrued payroll and related liabilities	3,525,229	3,485,003	-
Deposits held for others	209,036	12,562	-
Unearned revenue	1,256,176	622,598	-
Other current liabilities	2,008,039	2,008,039	-
Total current liabilities	19,343,758	8,781,561	-
Long term debt obligations	46,286,091	-	-
Net pension liability	79,526,816	-	79,526,816
Accrued termination pay	2,232,040	2,232,040	-
Other accrued liabilities	154,040	154,040	-
Total liabilities	147,542,745	11,167,641	79,526,816
Deferred inflows of resources			
Deferred pension amounts	7,188,202	-	7,188,202
Net position			
Net investment in capital assets	51,963,926	-	-
Restricted for			
Nonexpendable	40,552,412	-	-
Expendable			
Scholarships and awards	315,637	-	-
Debt service	816,992	-	-
Unrestricted (deficit)	(57,993,885)	7,245,583	(75,800,525)
Total net position	$ 35,655,082	$ 7,245,583	$(75,800,525)

Designated Fund	Auxiliary Fund	Agency Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
$ -	$ -	$ -	$ -	$ -	$ 6,650,216
-	-	-	7,486	-	-
(1,252,261)	(82,999)	5,340	2,629,894	-	1,436,301
-	-	-	-	-	297,942
2,349	-	-	37,877	-	-
-	-	196,474	-	-	-
25,060	45,655	-	562,863	-	-
-	-	-	-	-	-
(1,224,852)	(37,344)	201,814	3,238,120	-	8,384,459
-	-	-	-	-	46,286,091
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(1,224,852)	(37,344)	201,814	3,238,120	-	54,670,550
-	-	-	-	-	-
-	-	-	-	-	51,963,926
-	-	-	-	40,552,412	-
-	-	-	315,637	-	-
-	-	-	-	-	816,992
1,226,330	45,200	-	-	-	9,289,527
$ 1,226,330	$ 45,200	$ -	$ 315,637	$ 40,552,412	$ 62,070,445

C.S. Mott Community College
Combining Statement of Revenues, Expenses,
Transfers and Changes in Net Position
June 30, 2017

	Combined Total	Eliminations	General Fund
Revenues			
Operating revenues			
Tuition and fees	$ 34,326,983	$ -	$ 32,817,715
Less scholarship allowances	(12,552,928)	(12,552,928)	-
Federal grants and contracts	4,062,435	-	-
State and local grants and contracts	2,368,884	-	-
Private gifts and grants	3,365,975	(572,248)	13,727
Auxiliary enterprises	779,877	-	-
Expenditures for equipment and capital improvements	-	(9,491,749)	-
Miscellaneous	1,716,036	-	1,230,377
Total operating revenues	34,067,262	(22,616,925)	34,061,819
Expenses			
Operating expenses			
Instruction	30,751,325	(2,244,522)	28,691,023
Public service	5,612,474	(11,183)	428,001
Instructional support	11,063,877	(14,150)	9,665,573
Student services	15,361,308	(12,557,460)	10,139,593
Institutional administration	11,659,512	(5,499)	11,622,401
Operation and maintenance of plant	10,367,229	(7,784,111)	10,240,803
Depreciation	7,212,430	-	-
Total operating expenses	92,028,155	(22,616,925)	70,787,394
Operating (loss) income	(57,960,893)	-	(36,725,575)
Non-Operating Revenues (Expenses)			
State appropriations	20,014,098	-	20,071,989
Property tax levy	25,748,518	-	18,151,262
Pell grants	14,561,258	-	-
Gifts	1,808,232	-	1,808,232
Investment income	100,731	-	1,295
Change in value of perpetual trusts	2,334,140	-	-
Interest on capital asset - related debt	(1,891,587)	-	-
Loss on disposal of assets	(28,039)	-	-
Bond issuance costs	-	-	-
Net non-operating revenues	62,647,351	-	40,032,778
(Decrease) increase in net position	4,686,458	-	3,307,203
Transfers in (out)	-	-	(3,003,760)
(Decrease) increase in net position	4,686,458	-	303,443
Net Position			
Net position - beginning of year	30,968,624	-	6,942,140
Net position - end of year	$ 35,655,082	$ -	$ 7,245,583

Pension Liability Fund	Designated Fund	Auxiliary Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
$ -	$ 1,508,293	$ -	$ -	$ -	$ 975
-	-	-	-	-	-
-	-	-	4,062,435	-	-
-	-	-	2,368,884	-	-
-	-	-	3,924,496	-	-
-	-	779,877	-	-	-
-	-	-	-	-	9,491,749
-	430,441	-	23	-	55,195
-	1,938,734	779,877	10,355,838	-	9,547,919
(8,494)	-	-	2,395,999	-	1,917,319
(896)	-	297,241	4,899,311	-	-
(2,881)	-	-	843,308	-	572,027
(2,016)	1,001,592	45,489	16,516,219	-	217,891
(1,173)	-	6,205	28,916	-	8,662
(2,350)	187,959	-	-	-	7,724,928
-	-	-	-	-	7,212,430
(17,810)	1,189,551	348,935	24,683,753	-	17,653,257
17,810	749,183	430,942	(14,327,915)	-	(8,105,338)
(266,365)	-	-	-	-	208,474
-	-	-	-	-	7,597,256
-	-	-	14,561,258	-	-
-	-	-	-	-	-
-	-	-	-	-	99,436
-	-	-	-	2,334,140	-
-	-	-	-	-	(1,891,587)
-	-	-	-	-	(28,039)
-	-	-	-	-	-
(266,365)	-	-	14,561,258	2,334,140	5,985,540
(248,555)	749,183	430,942	233,343	2,334,140	(2,119,798)
-	(846,238)	(395,997)	(244,115)	-	4,490,110
(248,555)	(97,055)	34,945	(10,772)	2,334,140	2,370,312
(75,551,970)	1,323,385	10,255	326,409	38,218,272	59,700,133
$(75,800,525)	$ 1,226,330	$ 45,200	$ 315,637	$ 40,552,412	$ 62,070,445

C.S. Mott Community College
Schedule 1 - Details of General Fund Expenses
Year Ended June 30, 2017

	Salaries	Fringe Benefits	Services	Materials and Supplies
Instruction	$ 18,251,714	$ 8,246,672	$ 1,050,053	$ 712,074
Public service	179,237	63,479	131,086	7,727
Instructional support	5,308,218	2,988,684	631,406	285,014
Student services	4,541,856	2,456,879	1,143,103	315,030
Institutional administration	3,409,613	2,516,910	1,539,810	194,701
Physical plant operations	3,541,337	2,196,335	1,371,985	476,791
	$ 35,231,975	$ 18,468,959	$ 5,867,443	$ 1,991,337

Facilities Rent	Utilities and Insurance	Other Expenses	Capital Outlay	Total
$ 252,621	$ 1,160	$ 176,729	$ -	$ 28,691,023
20,280	-	26,192	-	428,001
-	-	448,887	3,364	9,665,573
11,800	-	1,657,155	13,770	10,139,593
7,164	-	3,950,158	4,045	11,622,401
(2,500)	2,558,879	36,394	61,582	10,240,803
$ 289,365	$ 2,560,039	$ 6,295,515	$ 82,761	$ 70,787,394

C.S. Mott Community College
Schedule 2 - Details of Auxiliary Activities
Year Ended June 30, 2017

Activity	Balance July 1, 2016	Revenues	Expenditures (1)
Vending	$ -	$ 57,248	$ -
Outside Catering	-	250,123	237,147
Bookstore--Main Campus	-	355,063	33,985
Day Care	10,255	77,039	60,094
Funding for College Initiatives	-	-	6,205
Student Computer Lab Printing	-	16,199	11,504
	$ 10,255	$ 755,672	$ 348,935

(1) Expenditures include amounts allocated from the General Fund for utilities and maintenance costs.
These costs amounted to $31,460 for the bookstore.

Excess (Revenues) Expenses	Other In (Out)	Balance June 30, 2017
$ (57,248)	$ -	$ -
(12,976)	-	-
(321,078)	-	-
-	-	27,200
-	24,205	18,000
(4,695)	-	-
$ (395,997)	$ 24,205	$ 45,200