St. Clair County Community College

For the Years Ended June 30, 2018 and 2017

Annual Financial Report and Supplementary Information

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ST. CLAIR COUNTY COMMUNITY COLLEGE

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ST. CLAIR COUNTY COMMUNITY COLLEGE

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Rehmann

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INDEPENDENT AUDITORS' REPORT

October 10, 2018

Board of Trustees
St. Clair County Community College
Port Huron, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of *St. Clair County Community College* (the "College"), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the SC4 Foundation, a discretely presented component unit of the College. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the SC4 Foundation, are based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the SC4 Foundation were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College'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 College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of *St. Clair County Community College* as of June 30, 2018 and 2017, and the respective results of their operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 75

As described in Notes 1 and 4, the College implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* in the current year. Accordingly, beginning net position of business-type activities as of July 1, 2017 was restated. Application of this new standard to July 1, 2016, the earliest year presented, is not practical as complete information is not available. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated October 10, 2018, on our consideration of *St. Clair County Community College's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of St. Clair County Community College's ("the College") financial statements provide an overview of the College's financial position as of June 30, 2018 and 2017, and its activities for the years then ended. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using the Annual Financial Report

This annual financial report includes this management's discussion and analysis and other required supplementary information, the report of independent auditors, the basic financial statements, and notes to the financial statements. Following the basic financial statements and footnotes are supplementary schedules, consisting of the 2018 combining statement of net position and combining statement of revenues, expenses, transfers, and changes in net position. Though the Governmental Accounting Standards Board ("GASB") does not require these combining statements be present for a fair and complete presentation, they are intended to provide additional information regarding the various funds and activities of the College that is not presented in the basic entity-wide financial statements.

Financial Highlights

The statement of net position and the statement of revenues, expenses, and changes in net position report information on the College as a whole. These statements report the College's financial position as of June 30, 2018 and 2017, and the changes in net position for the years then ended. The College's financial position at June 30, 2018, reflected assets of $67.3 million and liabilities of $51.7 million. The College's financial position at June 30, 2017, included assets of $63.9 million and liabilities of $38.8 million. The significant balance in liabilities is due to the inclusion of a $11.3 million net other postemployment benefits (OPEB) liability as a result of the new accounting pronouncement from the Governmental Accounting Standards Board, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* This liability is the pro-rata share of the total net other postemployment benefits liability of the independently managed State of Michigan multi-employer retirement system for public school employees (MPSERS). Reporting for this item was compulsory beginning in the current fiscal year and will be a component of financial reports going forward. Another component of the liabilities balance is a $33.0 million and $32.5 million net pension liability as of June 30, 2018 and 2017, respectively, as a result of adopting accounting pronouncement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This liability is the pro-rata share of the total net pension liability of the independently managed MPSERS. Reporting for this item was compulsory beginning in fiscal 2015, and is a component of financial reports going forward. Also reported on the statement of net position, as a result of GASB Statements No. 75 and 68, are deferred inflows and outflows of resources. These classifications represent quasi-assets and quasi-liabilities that are recognized in financial reports due to their effect on net position in a future period. Specific definitions for deferred inflows and outflows are included in Note 1.

Net position represents the residual interest in the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. On July 1, 2017 the beginning net position was restated due to the implementation of GASB Statement No. 75. This one time restatement resulted in a decrease in net position of $11.1 million. Excluding the restatement, current fiscal year net position of the College increased by $2,173,221. This overall increase was comprised of increases from non-pension/OPEB items of $2,310,301, and decreases from pension/OPEB related items of $137,080. In fiscal 2016/2017 the net position of the College increased by $1,335,180. This overall increase was due to increases related to non-pension items of $1,480,189 and decreases from pension related items of $145,009. The trend of increases to net position from regular operations indicates a strong financial operating position for the College. Although the adoption of GASB Statements No. 75 and 68 had a pronounced impact on the College's financial position, it is important to distinguish that these are accounting changes, and do not impact the cash flows, or general operations of the College. Additional information on GASB Statements No. 75 and 68 can be found in Note 4.

The College's financial statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current and prior years' revenues and expenses are recorded as incurred regardless of when cash is received or paid. Revenues and expenses are separated into categories of operating and nonoperating.

The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position

Following is a condensed analysis of the major components of assets, liabilities, deferred items, and net position of the College as of June 30:

	2018	2017	2016
Current assets	$ 16,617,793	$ 19,225,961	$ 18,165,873
Noncurrent assets			
Restricted cash and investments	7,473,625	6,047,416	7,144,900
Property and equipment, net	43,240,572	38,611,297	37,323,886
Total assets	**67,331,990**	**63,884,674**	**62,634,659**
Deferred outflows of resources	**7,766,054**	**4,263,827**	**3,360,751**
Current liabilities	5,499,217	4,781,563	4,664,098
Long-term liabilities, net of current portion	1,927,926	1,508,565	1,856,204
Net pension liability	32,977,540	32,474,831	31,358,388
Net other postemployment benefits liability	11,270,014	-	-
Total liabilities	**51,674,697**	**38,764,959**	**37,878,690**
Deferred inflows of resources	**4,660,125**	**1,739,298**	**1,807,656**
Net position			
Net investment in capital assets	41,278,709	36,738,674	35,120,505
Restricted - nonexpendable endowments	1,154,043	1,152,557	1,148,767
Restricted - expendable	6,737,236	5,348,357	6,395,585
Unrestricted (deficit)	(30,406,766)	(15,595,344)	(16,355,793)
Total net position	**$ 18,763,222**	**$ 27,644,244**	**$ 26,309,064**

Following is a condensed analysis of the changes in net position of the College for the years ended June 30:

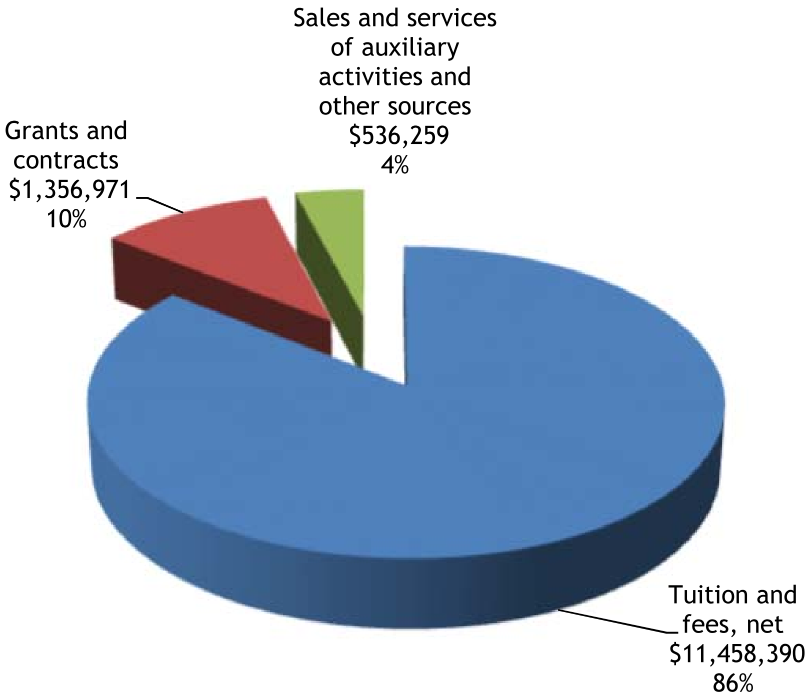
	2018	2017	2016
Operating revenues			
Tuition and fees, net	$ 11,458,390	$ 10,469,765	$ 9,718,996
Grants and contracts	1,356,971	1,389,230	1,050,601
Sales and services of auxiliary activities	114,925	63,917	-
Other sources	421,334	451,112	512,673
Total operating revenues	**13,351,620**	**12,374,024**	**11,282,270**
Operating expenses			
Instruction	11,131,310	11,210,581	11,633,495
Public service	421,764	300,138	215,795
Instructional support	3,371,451	2,972,152	3,131,474
Information technology	1,179,195	2,093,302	1,911,562
Student services	5,758,262	5,653,850	5,847,766
Institutional administration	3,439,889	3,732,362	3,643,309
Operation and maintenance of plant	5,315,058	4,991,952	4,518,284
Depreciation	2,634,182	2,527,115	2,481,422
Total operating expenses	**33,251,111**	**33,481,452**	**33,383,107**
Operating loss	**(19,899,491)**	**(21,107,428)**	**(22,100,837)**
Nonoperating revenues			
Federal Pell grants	4,275,181	4,078,336	4,566,073
State appropriations	7,543,464	7,871,301	7,283,368
Property taxes	10,059,008	9,873,301	9,907,331
Other nonoperating revenues, net	195,059	113,070	47,604
Net nonoperating revenues	**22,072,712**	**21,936,008**	**21,804,376**
Capital gifts	-	506,600	505,000
Increase in net position	2,173,221	1,335,180	208,539
Net position, beginning of year	27,644,244	26,309,064	26,100,525
Implementation of GASB No. 75	(11,054,243)	-	-
Net position, end of year	**$ 18,763,222**	**$ 27,644,244**	**$ 26,309,064**

Operating Revenues

Operating revenues include charges for all exchange transactions such as tuition and fees, the sale or commission on books and supplies, and facilities revenue from the rental of rooms. In addition, certain Federal, State, and private grants are considered operating if they are not for capital purposes and are considered a contract for services. Operating revenues do not include Federal Pell grant revenues which are considered nonexchange transactions.

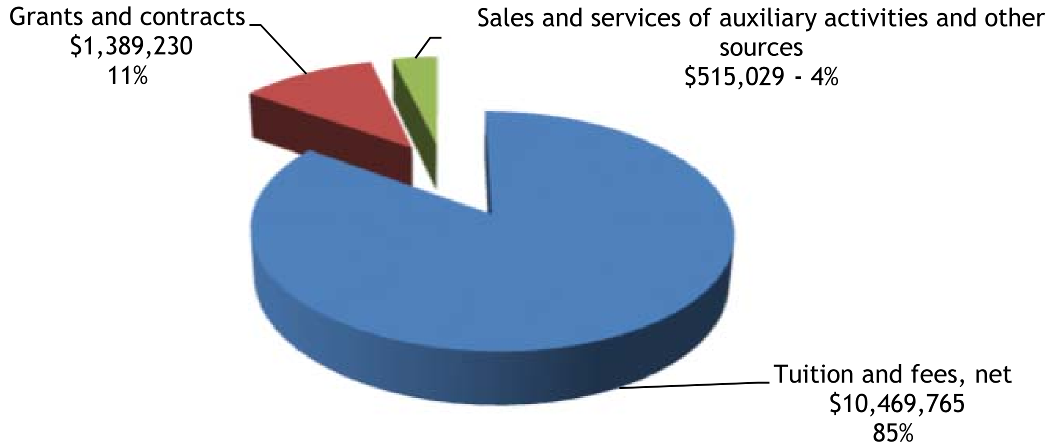
Operating revenues increased during the year ended June 30, 2018, by $977,596 resulting mainly from an increase in tuition and fee revenue. The tuition and fees revenue rose approximately 9% due to stabilizing enrollment, coupled with increases to tuition and fee rates. In-district, out-district and out of state tuition rates during the 2017-2018 fiscal year were increased by approximately 11%. There was a $3 increase to technology fees in 2017-2018.

The following is a graphic illustration of operating revenues by source for the year ended June 30, 2018:



Operating revenues increased during the year ended June 30, 2017, by $1,091,754 resulting from an increase in tuition and fee revenue as well as grants and contracts revenue. The tuition and fees revenue rose approximately 7.7% due to stabilizing enrollment, coupled with increases to tuition and fee rates. In-district and out-district tuition rates during the 2016-2017 fiscal year were increased by approximately 3.0%, and a 2.8% increase in out of state tuition rates. There was a $1 increase to technology fees in 2016-2017.

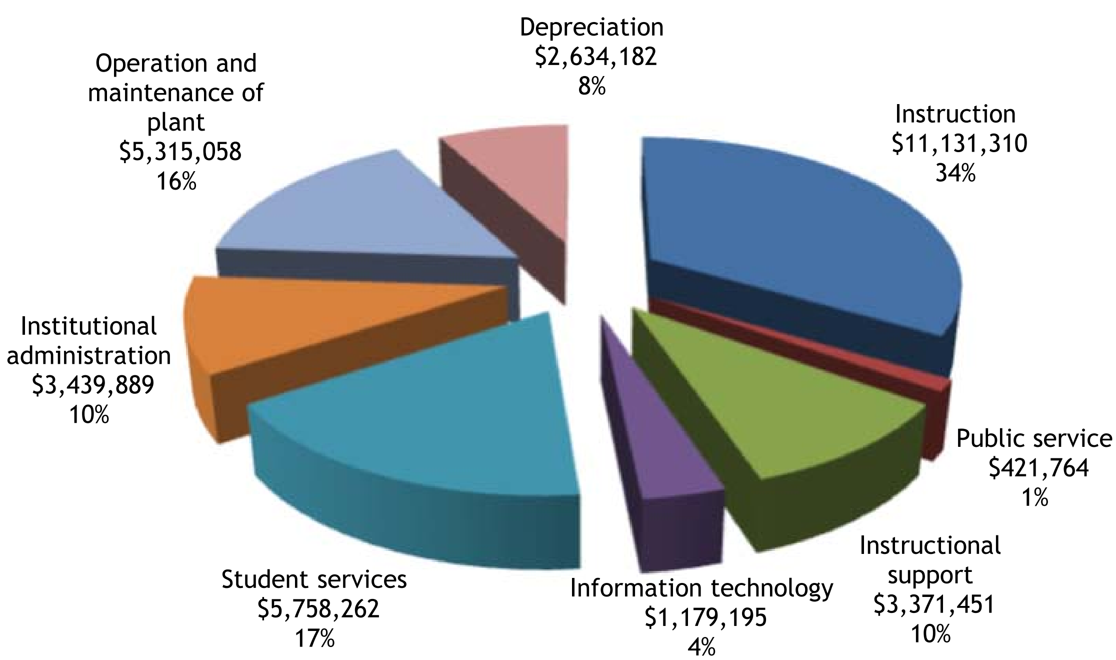
The following is a graphic illustration of operating revenues by source for the year ended June 30, 2017:



Operating Expenses

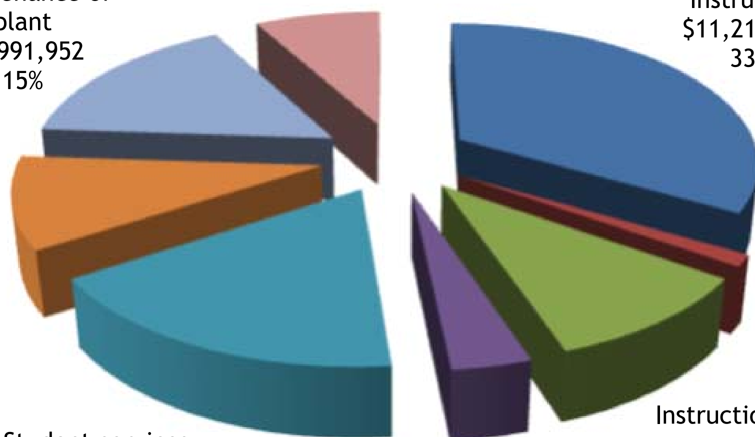
Operating expenses are all the costs necessary to provide services and conduct the programs of the College. Total operating expenses decreased for the year ended June 30, 2018, by approximately $230,000. The net decrease was mainly due to operating cost reductions in pension/OPEB funds of approximately $581,000, offset by non-pension/OPEB fund expense increases of approximately $351,000.

The following is a graphic illustration of operating expenses by function for the year ended June 30, 2018:



Total operating expenses increased for the year ended June 30, 2017, by approximately $98,300. The net increase was mainly due to operating cost reductions in pension funds of approximately $1.15 million, offset by non-pension fund expense increases of approximately $1.25 million.

The following is a graphic illustration of operating expenses by function for the year ended June 30, 2017:



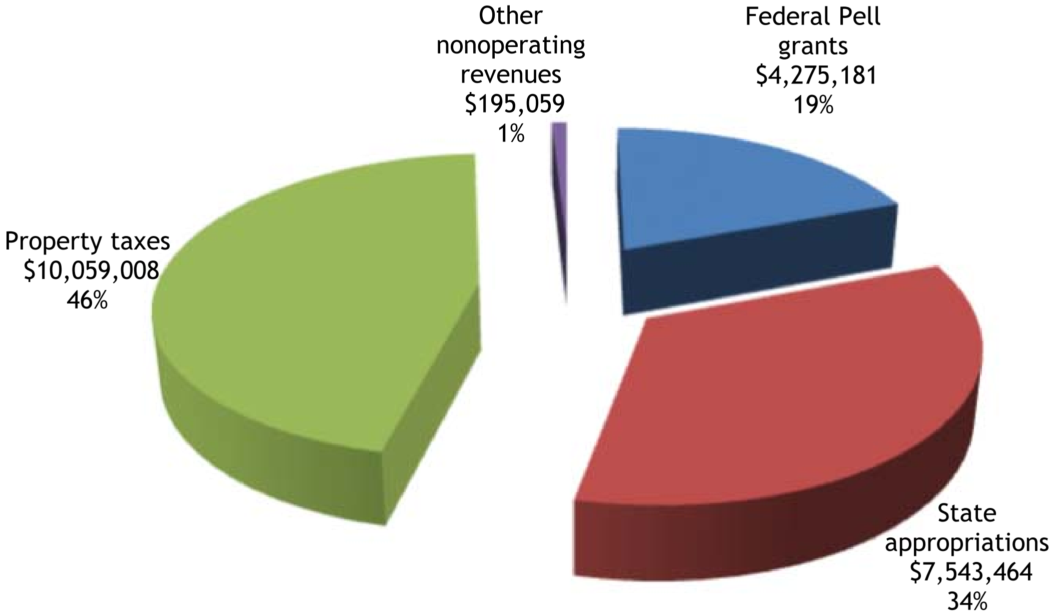
Net Nonoperating Revenues

Net nonoperating revenues represent all revenue sources that are primarily nonexchange in nature. They consist primarily of State appropriations, property tax revenue, Federal Pell grant revenue and investment income, net of interest on capital asset-related debt.

Net nonoperating revenues had an overall increase during 2018 of $136,704, primarily as the result of the following factors:

- Federal Pell grant revenues increased by approximately $197,000 from the prior year.
- Property tax revenue increased by approximately $186,000. Taxable value of property in the county increased by approximately 1.8%.
- State appropriations revenue recognized for the current fiscal year decreased approximately $328,000 from the prior year. The State of Michigan budgeted appropriations for the College were $7,300,100 and $7,259,300 for the 2017/2018 and 2016/2017 years, respectively. In addition to the base appropriation, the state appropriation includes $1,570,380 and $1,364,221 pass-through payments to the Michigan Public School Employees Retirement System for the 2017/2018 and 2016/2017 fiscal years, respectively. However, because a substantial portion of the pass-through revenue was deferred for GASB 75 and 68 purposes, overall revenue recognized decreased in the current year. The State of Michigan also added local community stabilization share revenue payments of $607,813 and $403,471 to appropriation revenue for the 2017/18 and 2016/17 fiscal years, respectively.
- Other net nonoperating income increased approximately $82,000. The increase was the result of increased investment income and reduced debt expenses.

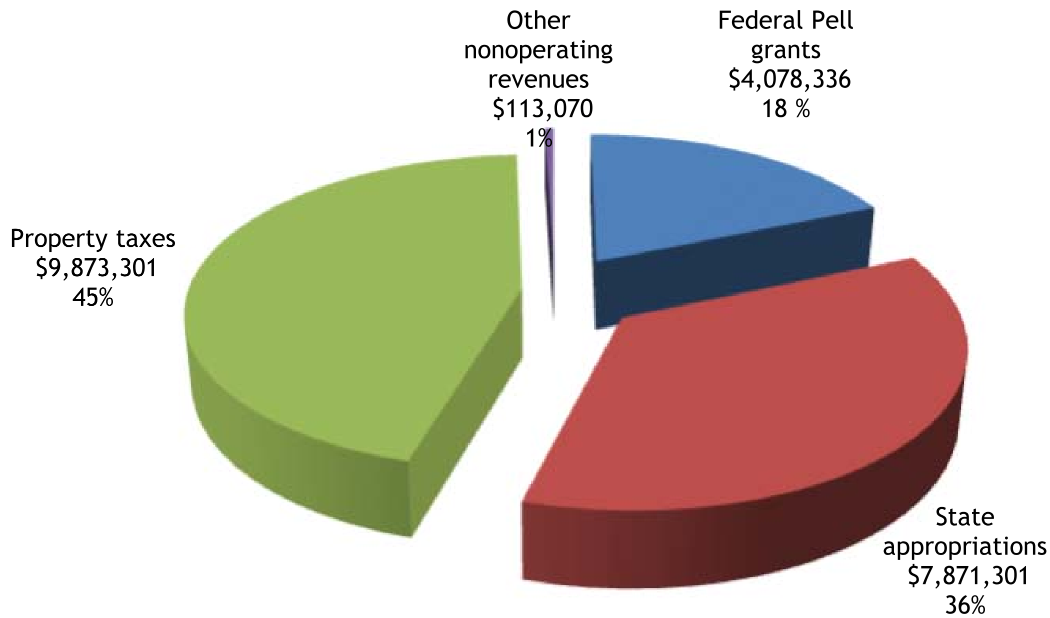
The following is a graphic illustration of net nonoperating revenues by source for the year ended June 30, 2018:



Net nonoperating revenues increased during 2017 by $131,632, primarily as the result of the following factors:

- Federal Pell grant revenues decreased by approximately $488,000 from the prior year primarily due to fewer students meeting federal student aid eligibility criteria.
- Property tax revenue decreased by approximately $34,000. Taxable value of property in the county decreased by approximately 0.6%, and net taxes collected decreased by $29,238 due to property valuation adjustments during the year and tax tribunal activity.
- State appropriations revenue for the current fiscal year increased approximately $588,000 from the prior year. The State of Michigan budgeted appropriations for the College were $7,259,300 and $7,158,000 for the 2016/2017 and 2015/2016 years, respectively. In addition to the base appropriation, the state appropriation includes $1,364,221 and $1,302,407 pass-through payments to the Michigan Public School Employees Retirement System for the 2016/2017 and 2015/2016 fiscal years, respectively. However, a portion of the pass-through revenue was deferred for GASB 68 purposes. In 2016/17 the State of Michigan also added a local community stabilization share revenue payment of $403,471 to appropriation revenue.
- Other nonoperating income-net increased approximately $65,000. The increase was the result of increased investment income and reduced debt expenses.

The following is a graphic illustration of net nonoperating revenues by source for the year ended June 30, 2017:



Statements of Cash Flows

The primary purpose of these statements is to provide relevant information about the cash receipts and cash payments of an entity during each fiscal year presented. The statements of cash flows also may help users assess:

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

During 2018, net cash used in operating activities totaled $16.4 million. This was financed by $21.8 million of net cash flows from noncapital financing activities such as property taxes, State appropriations and Federal Pell grant revenue. Net cash used in capital and related financing activities totaled $6.8 million during 2018. This includes $6.7 million of capital additions in 2018. Net cash provided by investing activities totaled $2.8 million. This includes interest received during 2018 of $203,422, purchases of investments totaling $18.3 million, and proceeds from sales and maturities of investments totaling $20.9 million. Property valued at $559,924 was acquired in a non-cash investing and financing activity. The net result of all cash flows is an increase in cash and cash equivalents of $1,427,986 from 2017.

During 2017, net cash used in operating activities totaled $18.7 million. This was financed by $21.8 million of net cash flows from noncapital financing activities such as property taxes, State appropriations and Federal Pell grant revenue. Net cash used in capital and related financing activities totaled $3.7 million during 2017. This includes $3.8 million of capital additions in 2017. Net cash used in investing activities totaled $272,000. This includes interest received during 2017 of $150,100, purchases of investments totaling $24.3 million, and proceeds from sales and maturities of investments totaling $23.9 million. The net result of all cash flows is a decrease in cash and cash equivalents of $908,527 from 2016.

Capital Assets

At June 30, 2018, the College had approximately $82.8 million invested in capital assets, net of accumulated depreciation of $39.6 million, resulting in $43.2 million in net capital assets. During the year ended June 30, 2018, the College had depreciation charges totaling $2.6 million and invested approximately $8.4 million in additional capital assets.

At June 30, 2017, the College had approximately $75.8 million invested in capital assets, net of accumulated depreciation of $37.2 million, resulting in $38.6 million in net capital assets. During the year ended June 30, 2017, the College had depreciation charges totaling $2.5 million and invested approximately $4.9 million in additional capital assets.

More detailed information about the College’s capital assets is presented in Note 3 to the financial statements.

Debt

At June 30, 2018, the College had approximately $2.3 million in debt outstanding. Debt repayments of $320,000 were made on debt existing at the beginning of the year. On September 8, 2017 the College purchased property for student housing financed by a secured promissory note payable to the Community Foundation of St. Clair County. The note is in the amount of $750,000, and is due on or before September 8, 2028. The College’s general obligation bond rating of Aa2 (Moody’s) was unchanged from the prior year rating.

At June 30, 2017, the College had approximately $1.8 million in debt outstanding. Debt repayments of $320,000 were made on debt existing at the beginning of the year. During 2016-2017 the College retired Michigan New Jobs Training Program outstanding bonds with 2 local employers, reducing Michigan New Jobs Training Program bonds payable by $27,000. The College’s general obligation bond rating of Aa2 (Moody’s) was upgraded from the prior year rating.

More detailed information about the College’s long-term liabilities is presented in Note 5 to the financial statements.

Economic Factors that Will Affect the Future

The economic position of the College is closely tied to St. Clair County and the State of Michigan. The major revenue sources of the College are limited to tuition and fees, State of Michigan appropriations and property taxes. Two of the revenue sources posted increases in the current year. Tuition and fee revenue gains were possible due to stabilizing enrollment and an annual rate increase. Beginning in the fall semester of 2018 in-district tuition rates will increase by approximately 4.3%. State aid revenue recognized decreased in the current year, largely due to stagnant funding and the effect of deferred inflows for GASB Statement No. 68 as well as the new GASB Statement No. 75. Increases in the regular appropriation for operating funds continue on a flat level. As a result of limited economic growth and fiscal reforms surrounding the State budget, the College does not have a clear indication of funding levels for the future. Property tax revenue showed a slight increase in the current year, and shows the challenge of budgeting based on an uncertain tax base. Slow growth in property tax revenues from a sluggish tax base are projected to continue into the foreseeable future impacting this source of revenue. Other revenue sources including grants were slightly decreased from the prior year. The College continues to explore alternative funding sources.

The College opened a new student housing facility at the start of the 2018 fall semester. The addition of on campus housing for approximately 80 students provides learning and community based opportunities to enhance their academic experience. The College is in the initial stages of a $9.8 million capital outlay project in conjunction with the State of Michigan to repurpose the A. J. Theisen Building into a state-of-the-art instructional space for health sciences. Plans for this enhanced facility will allow the College to provide additional relevant educational opportunities for students in our community. The opening of the new health sciences facility is anticipated for the start of the fall semester in 2019.

AUDITED FINANCIAL STATEMENTS

ST. CLAIR COUNTY COMMUNITY COLLEGE

STATEMENTS OF NET POSITION

	St. Clair County Community College June 30		Component Unit SC4 Foundation June 30	
	2018	2017	2018	2017
Assets				
Current assets				
Cash and cash equivalents	$ 2,880,734	$ 1,469,293	$ 9,422	$ 21,284
Short-term investments	11,285,523	15,261,510	930,199	828,447
State appropriations receivable	1,566,184	1,567,915	-	-
Federal and state grants receivable	279,198	264,736	-	-
Accounts receivable, net	593,563	631,590	-	33,081
Student loans receivable	7,253	11,510	-	-
Pledges receivable, net	-	-	8,857	13,132
Prepaids and other assets	5,338	19,407	1,200	3,300
Total current assets	16,617,793	19,225,961	949,678	899,244
Noncurrent assets				
Restricted cash and investments	7,473,625	6,047,416	5,666,104	5,461,056
Property and equipment - net	43,240,572	38,611,297	-	-
Total noncurrent assets	50,714,197	44,658,713	5,666,104	5,461,056
Total assets	67,331,990	63,884,674	6,615,782	6,360,300
Deferred outflows of resources				
Deferred pension amounts (Note 4)	7,142,853	4,263,827	-	-
Deferred other postemployment benefits amounts (Note 4)	623,201	-	-	-
Total deferred outflows of resources	7,766,054	4,263,827	-	-
Liabilities				
Current liabilities				
Accounts payable	2,512,469	1,646,349	-	-
Accrued payroll, vacation, and other compensation	1,417,939	1,408,469	-	-
Current portion of long-term liabilities	330,000	320,000	-	-
Accrued interest payable	9,715	10,988	-	-
Scholarships/donations payable	-	-	117,206	133,375
Deposits	403,536	439,375	-	-
Unearned revenue	825,558	956,382	-	-
Total current liabilities	5,499,217	4,781,563	117,206	133,375
Noncurrent liabilities				
Long-term liabilities, net of current portion	1,927,926	1,508,565	-	-
Net pension liability (Note 4)	32,977,540	32,474,831	-	-
Net other postemployment benefits liability (Note 4)	11,270,014	-	-	-
Total noncurrent liabilities	46,175,480	33,983,396	-	-
Total liabilities	51,674,697	38,764,959	117,206	133,375
Deferred inflows of resources				
Deferred pension amounts (Note 4)	4,279,117	1,739,298	-	-
Deferred other postemployment benefits amounts (Note 4)	381,008	-	-	-
Total deferred inflows of resources	4,660,125	1,739,298	-	-
Net position				
Net investment in capital assets	41,278,709	36,738,674	-	-
Restricted				
Nonexpendable endowments	1,154,043	1,152,557	3,248,468	3,248,468
Expendable gifts	219,046	248,440	2,349,209	2,098,845
Loans	231,811	221,344	-	-
Capital projects	6,286,379	4,878,573	-	-
Unrestricted (deficit) (Note 1)	(30,406,766)	(15,595,344)	900,899	879,612
Total net position	$ 18,763,222	$ 27,644,244	$ 6,498,576	$ 6,226,925

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	St. Clair County Community College Year Ended June 30		Component Unit SC4 Foundation Year Ended June 30	
	2018	2017	2018	2017
Operating revenues				
Tuition and fees (net of scholarship allowances of $2,735,958 and $2,529,848, respectively)	$ 11,458,390	$ 10,469,765	$ -	$ -
Federal grants and contracts	1,019,562	1,115,053	-	-
State grants and contracts	9,864	10,960	-	-
Nongovernmental grants and contracts	327,545	263,217	-	-
Sales and services of auxiliary activities	114,925	63,917	-	-
Other sources	421,334	451,112	-	-
Total operating revenues	13,351,620	12,374,024	-	-
Operating expenses				
Instruction	11,131,310	11,210,581	-	-
Public service	421,764	300,138	-	-
Instructional support	3,371,451	2,972,152	-	-
Information technology	1,179,195	2,093,302	-	-
Student services	5,758,262	5,653,850	-	-
Institutional administration	3,439,889	3,732,362	108,852	150,416
Operation and maintenance of plant	5,315,058	4,991,952	-	-
Depreciation	2,634,182	2,527,115	-	-
Scholarships and donations to the College	-	-	192,973	714,678
Total operating expenses	33,251,111	33,481,452	301,825	865,094
Operating loss	(19,899,491)	(21,107,428)	(301,825)	(865,094)
Nonoperating revenues (expenses)				
Federal Pell grants	4,275,181	4,078,336	-	-
State appropriations	7,543,464	7,871,301	-	-
Property taxes	10,059,008	9,873,301	-	-
Investment income, net	242,704	162,376	502,484	658,862
Interest on capital asset - related debt	(46,257)	(48,111)	-	-
Distribution to beneficiary funds	(1,388)	(1,195)	-	-
Net nonoperating revenues	22,072,712	21,936,008	502,484	658,862
Income (loss) before other revenues	2,173,221	828,580	200,659	(206,232)
Other revenues				
Capital gifts	-	506,600	-	-
Gifts and contributions	-	-	70,992	154,327
Total other revenues	-	506,600	70,992	154,327
Increase (decrease) in net position	2,173,221	1,335,180	271,651	(51,905)
Net position, beginning of year	27,644,244	26,309,064	6,226,925	6,278,830
Implementation of GASB No. 75 (Note 1)	(11,054,243)	-	-	-
Net position, end of year	$ 18,763,222	$ 27,644,244	$ 6,498,576	$ 6,226,925

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

ST. CLAIR COUNTY COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2018	2017
Cash flows from operating activities		
Tuition and fees	$ 11,477,870	$ 10,413,247
Grants and contracts	1,356,971	1,389,230
Payments to suppliers and students	(15,132,690)	(17,082,574)
Payments to employees	(14,616,336)	(13,960,012)
Collection of loans from students, net	750	725
Other	536,024	512,859
Net cash used in operating activities	(16,377,411)	(18,726,525)
Cash flows from noncapital financing activities		
Property taxes received	10,059,008	9,873,301
Student organization agency transactions	(44,523)	(27,815)
Direct loan program loan receipts	3,524,961	3,477,753
Direct loan program loan disbursements	(3,524,961)	(3,477,753)
State scholarship and grant receipts	54,567	41,792
State scholarship and grant disbursements	(54,567)	(41,792)
State appropriations received	7,545,195	7,841,645
Federal Pell receipts	4,275,181	4,078,336
Net cash provided by noncapital financing activities	21,834,861	21,765,467
Cash flows from capital and related financing activities		
Purchase of property and equipment	(6,666,337)	(3,812,174)
Principal paid on capital debt	(320,000)	(320,000)
Note payable proceeds	190,076	-
Capital gift proceeds	-	506,600
Interest paid on capital debt	(43,950)	(50,350)
Net cash used in capital and related financing activities	(6,840,211)	(3,675,924)
Cash flows from investing activities		
Purchases of investments	(18,324,724)	(24,277,179)
Net proceeds from sales and maturities of investments	20,932,049	23,855,534
Investment income	203,422	150,100
Net cash provided by (used in) investing activities	2,810,747	(271,545)
Net increase (decrease) in cash and cash equivalents	1,427,986	(908,527)
Cash and cash equivalents, beginning of year	1,637,265	2,545,792
Cash and cash equivalents, end of year	$ 3,065,251	$ 1,637,265
Statement of net position classification of cash and cash equivalents		
Cash and cash equivalents	$ 2,880,734	$ 1,469,293
Restricted cash	184,517	167,972
Cash and cash equivalents, end of year	$ 3,065,251	$ 1,637,265

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ST. CLAIR COUNTY COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS (CONCLUDED)

	Year Ended June 30	
	2018	**2017**
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (19,899,491)	$ (21,107,428)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	2,634,182	2,527,115
Change in operating assets and liabilities which provided (used) cash		
Accounts receivable, net	38,027	(330,445)
Federal and state grants receivable	(14,462)	(63,680)
Student loans receivable	4,257	(6,979)
Prepaids and other assets	14,069	(6,501)
Accounts payable	866,120	(62,170)
Accrued payroll, vacation, and other compensation	9,470	16,774
Unearned revenue	(130,824)	192,395
Deposits	(35,839)	(30,615)
Change in net pension and OPEB liabilities and related deferred amounts	137,080	145,009
Net cash used in operating activities	$ (16,377,411)	$ (18,726,525)

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

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

St. Clair County Community College (the "College") is a Michigan Community College whose mission is to maximize student success, by employing a vision to create an academic and cultural environment that empowers students to succeed.

Reporting Entity – St. Clair County Community College

St. Clair County Community College is a Michigan community college whose financial statements have been prepared in accordance with generally accepted accounting principles outlined in Governmental Accounting Standards Board ("GASB") Statements No. 34 and 35 and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001.*

The College reports as a business-type activity as defined by GASB Statement No. 34. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment to GASB Statements No. 14 and 34,* for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the College has one such component unit to present within the reporting entity.

Reporting Entity – Component Unit

The SC4 Foundation (the "Foundation") is a nonprofit organization that reports under the provisions of Accounting Standards Codification ("ASC") Topic 958, *Not-For-Profit Entities.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the College's financial report for these differences. Complete audited financial statements of the Foundation may be obtained by contacting the Foundation directly.

Significant Accounting Policies

Accrual Basis

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

Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Significant estimates incorporated in the financial statements include but are not limited to the net pension and other postemployment benefits liabilities and related deferred items. These estimates were independently developed by the Michigan Public School Employees Retirement System, and are not under the control of the College. Actual results may differ from estimated amounts.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand, money market accounts, and certificates of deposit with an initial maturity of three months or less.

Investments

Investments are recorded at fair value, based on quoted market prices. Investment income includes realized and unrealized gains and losses on investment, interest and dividends.

Property and Equipment

Property and equipment are recorded at cost or, if acquired by gift, the estimated acquisition value as of the date of donation. Library books are recorded using a historically based estimated value. Depreciation is provided for depreciable assets on a straight-line basis over the estimated useful lives of the assets. Expenses greater than $5,000 are capitalized. The following estimated useful lives are used to compute depreciation:

Classification	Estimated Useful Lives
Buildings and improvements	40 years
Infrastructure	15 years
Library collection	10 years
Furniture, fixtures and equipment	3-7 years

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College reports deferred outflows of resources for certain pension and other postemployment benefit related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 4.

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 represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension and other postemployment benefit related amounts, such as the difference between projected and actual earnings of the pension and OPEB plan’s investments. More detailed information can be found in Note 4.

Revenue Recognition

Revenue from state appropriations is recognized in accordance with the accounting method described in the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001*, which provides that state appropriations are recorded as revenue in the period for which such amounts are appropriated. Student tuition and related revenues and expenses of an academic semester are reported in the fiscal year in which the program is conducted. Property taxes are recorded as revenue when received, which approximates the amounts when levied.

Operating revenues of the College consist of tuition and fees, certain grants and contracts, and sales and services of educational activities. Transactions related to capital and financing activities, noncapital financing activities, investing activities, state appropriations, property taxes, and Federal Pell grants are components of nonoperating and other revenues. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy an expense.

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue at June 30, 2018, includes $188,141 for the 2018 fall semester and $220,736 for the 2018 summer semester, which began on May 14, 2018, and ended on August 3, 2018. Unearned revenue at June 30, 2017, includes $203,222 for the 2017 fall semester and $225,136 for the 2017 summer semester, which began on May 15, 2017, and ended on August 4, 2017. Grants received prior to qualifying expenditures are also included in unearned revenue.

Pension and OPEB

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

Other Postemployment Benefits

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* is effective for the College's current 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 reports a liability for its "proportionate share" of the "net OPEB liability" of the MPSERS OPEB plan. The College is 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 are specified in this Statement. This statement required the net OPEB liability to be recorded for the year ended June 30, 2018, by restating beginning net position as of July 1, 2017. The decrease to beginning net position was calculated by establishing a $11,887,367 beginning net OPEB liability, and offsetting $833,124 in beginning deferred outflows, resulting in a net restatement to beginning net position amount of $11,054,243.

Expenses

Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

Accounts Receivable, net

Accounts receivable are recorded net of allowance for uncollectible accounts of $330,000 and $240,000 as of June 30, 2018 and 2017, respectively. The allowance for doubtful accounts is established using a general valuation allowance based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance in the period that determination is made.

Gifts and Pledges

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

Compensated Absences

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

Unrestricted Net Deficit

The College's unrestricted net deficit consists of the following at June 30:

	2018	2017
Designated for future capital outlay and major maintenance	$ 4,644,700	$ 8,369,664
Board designated	519,343	449,793
Pension and OPEB liability fund deficit	(41,141,625)	(29,950,302)
Auxiliary activities	40,423	5,108
Undesignated	5,530,393	5,530,393
Total unrestricted net deficit	**$ (30,406,766)**	**$ (15,595,344)**

Reclassifications

Certain amounts as reported in the 2017 financial statements have been reclassified to conform with the 2018 presentation.

2. DEPOSITS AND INVESTMENTS - COLLEGE

State of Michigan statutes authorize the College to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper of corporations located in this state rated prime by at least one of the standard rating services. The College is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds comprised of investments as outlined above. The College's investment policy allows for all of these types of investments.

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

	2018	2017
Cash and cash equivalents	$ 2,880,734	$ 1,469,293
Restricted cash and investments	7,473,625	6,047,416
Short-term investments	11,285,523	15,261,510
Total	**$ 21,639,882**	**$ 22,778,219**

The amounts are categorized as follows at June 30:

	2018	2017
Bank deposits (checking, savings, and cash sweep accounts, and certificates of deposit)	$ 21,636,032	$ 22,774,369
Petty cash	3,850	3,850
Total	**$ 21,639,882**	**$ 22,778,219**

Interest Rate Risk. The College's investment policy does not have specific limits on maturities of debt securities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The College's investment policy does not have specific limits in excess of state law on credit risk for allowable debt securities as identified above.

Concentration of Credit Risk. The College's investment policy does not have specific limits on concentration of credit risk.

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 returned. State law does not require and the College does not have a policy for deposit custodial credit risk. As of June 30, 2018 and 2017, $19,708,268 and $20,870,113, respectively, of the College's bank deposits balance of $20,768,364 and $21,925,196, respectively, was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, 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 that are in the possession of an outside party. State law does not require and the College does not have a policy for investment custodial credit risk.

3. PROPERTY AND EQUIPMENT

The following tables present the changes in the components of property and equipment for the years ended June 30:

2018	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Depreciable assets				
Building and improvements	$ 59,273,413	$ 2,553,897	$ -	$ 61,827,310
Infrastructure	4,492,647	396,258	-	4,888,905
Furniture, fixtures and equipment	8,969,105	978,078	66,374	9,880,809
Library collection	666,260	31,485	94,293	603,452
Total depreciable assets	**73,401,425**	**3,959,718**	**160,667**	**77,200,476**
Nondepreciable assets				
Land	1,172,104	1	-	1,172,105
Construction in progress	1,155,607	4,459,345	1,155,607	4,459,345
Museum collection	57,044	-	-	57,044
Total nondepreciable assets	**2,384,755**	**4,459,346**	**1,155,607**	**5,688,494**
Total	**75,786,180**	**8,419,064**	**1,316,274**	**82,888,970**
Less accumulated depreciation				
Building and improvements	26,799,889	1,841,157	-	28,641,046
Infrastructure	1,796,917	236,868	-	2,033,785
Furniture, fixtures and equipment	8,123,587	502,552	66,374	8,559,765
Library collection	454,490	53,605	94,293	413,802
Total accumulated depreciation	**37,174,883**	**2,634,182**	**160,667**	**39,648,398**
Property and equipment, net	**$ 38,611,297**			**$ 43,240,572**

2017	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Depreciable assets				
Building and improvements	$ 55,949,079	$ 3,324,334	$ -	$ 59,273,413
Infrastructure	4,356,450	136,197	-	4,492,647
Furniture, fixtures and equipment	8,944,858	282,014	257,767	8,969,105
Library collection	718,331	36,880	88,951	666,260
Total depreciable assets	**69,968,718**	**3,779,425**	**346,718**	**73,401,425**
Nondepreciable assets				
Land	1,172,103	1	-	1,172,104
Construction in progress	1,120,507	1,155,607	1,120,507	1,155,607
Museum collection	57,044	-	-	57,044
Total nondepreciable assets	**2,349,654**	**1,155,608**	**1,120,507**	**2,384,755**
Total	**72,318,372**	**4,935,033**	**1,467,225**	**75,786,180**
Less accumulated depreciation				
Building and improvements	25,053,604	1,746,285	-	26,799,889
Infrastructure	1,564,778	232,139	-	1,796,917
Furniture, fixtures and equipment	7,893,643	487,711	257,767	8,123,587
Library collection	482,461	60,980	88,951	454,490
Total accumulated depreciation	**34,994,486**	**2,527,115**	**346,718**	**37,174,883**
Property and equipment, net	**$ 37,323,886**			**$ 38,611,297**

Depreciation expense for the years ended June 30, 2018 and 2017, totaled $2,634,182 and $2,527,115, respectively. The College determined that it is not practical to allocate depreciation to the various functional expenses because the capital assets serve multiple functions.

4. RETIREMENT PLANS

Plan Description

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

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

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

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

Pension Benefits Provided

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

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

Other Postemployment Benefits Provided

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

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 22-year period for the 2017 fiscal year.

Employer contribution requirements for pension, inclusive of the MPSERS UAAL Stabilization rates, ranged from 13.54% to 19.74% of covered payroll for the College's 2018 fiscal year. Plan member contributions range from 0.0% to 7.0% of covered payroll for the College's 2018 fiscal year.

Employer contribution requirements for pension, inclusive of the MPSERS UAAL Stabilization rates, ranged from 14.56% to 19.03% of covered payroll for the College's 2017 fiscal year. Plan member contributions range from 0.0% to 7.0% of covered payroll for the College's 2017 fiscal year.

The table below summarizes pension contribution rates in effect for fiscal year 2018:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	17.89% - 19.03%
Member Investment Plan (MIP)	3.00% - 7.00%	17.89% - 19.03%
Pension Plus	3.00% - 6.40%	16.61% - 18.40%
Pension Plus 2	6.20%	19.74%
Defined Contribution	0.00%	13.54% - 15.27%

Required contributions to the pension plan from the College were $3,382,255, $2,905,361 and $2,851,819 for the years ended June 30, 2018, 2017 and 2016, respectively.

The table below summarizes other postemployment benefits contribution rates in effect for fiscal year 2018:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	5.91% - 7.67%
Personal Healthcare Fund (PHF)	0.00%	5.69% - 7.42%

Required contributions to the OPEB plan from the College were $734,681, $987,315 and $998,425 for the years ended June 30, 2018, 2017 and 2016, respectively.

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

At June 30, 2018 and 2017, the College reported a liability of $32,977,540 and $32,474,831, respectively for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2016 and 2015, 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, 2017, the College’s proportion was 0.12726%, which was a decrease of 0.00290% from its proportion measured as of September 30, 2016 of 0.13016%.

For the year ended June 30, 2018, the College recognized pension expense of $3,119,014. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 286,597	$ 161,814	$ 124,783
Changes in assumptions	3,612,952	-	3,612,952
Net difference between projected and actual earnings on pension plan investments	-	1,576,543	(1,576,543)
Changes in proportion and differences between employer contributions and proportionate share of contributions	294,254	970,383	(676,129)
	4,193,803	2,708,740	1,485,063
College contributions subsequent to the measurement date	2,949,050	-	2,949,050
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	1,570,377	(1,570,377)
Total	$ 7,142,853	$ 4,279,117	$ 2,863,736

The $2,949,050 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. The $1,570,377 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State Aid revenue for the year ending June 30, 2019. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	$ 301,839
2020	918,890
2021	404,986
2022	(140,652)
Total	**$ 1,485,063**

For the year ended June 30, 2017, the College recognized pension expense of $2,948,283. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 404,722	$ 76,966	$ 327,756
Changes in assumptions	507,719	-	507,719
Net difference between projected and actual earnings on pension plan investments	539,731	-	539,731
Changes in proportion and differences between employer contributions and proportionate share of contributions	332,163	668,088	(335,925)
	1,784,335	745,054	1,039,281
College contributions subsequent to the measurement date	2,479,492	-	2,479,492
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	994,244	(994,244)
Total	$ 4,263,827	$ 1,739,298	$ 2,524,529

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

At June 30, 2018, the College reported a liability of $11,270,014 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2016. The College's proportionate share of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017, the College's proportion was 0.12727%.

For the year ended June 30, 2018, the College recognized OPEB expense of $759,099. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 119,992	$ (119,992)
Net difference between projected and actual earnings on OPEB plan investments	-	261,016	(261,016)
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,605	-	23,605
	23,605	381,008	(357,403)
College contributions subsequent to the measurement date	599,596	-	599,596
Total	$ 623,201	$ 381,008	$ 242,193

The $599,596 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2019	$ (86,797)
2020	(86,797)
2021	(86,797)
2022	(86,797)
2023	(10,215)
Total	$ (357,403)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2016 and 2015 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	3.5%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	7.5% (8.0% for 2015)
Pension Plus plan (hybrid)	7.0%
OPEB plans	7.5%
Projected salary increases	3.5% - 12.3%, including wage inflation at 3.5%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.5% Year 1 graded to 3.5% Year 12
Mortality	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.
Other OPEB assumptions:	
Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 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, 2017 and 2016, is based on the results of an actuarial valuation date of September 30, 2016 and 2015, respectively, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.5188 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.4744 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on 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 plan's target asset allocation as of September 30, are summarized in the following tables:

As of September 30, 2017 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.60%	1.56%
Alternative investment pools	18.00%	8.70%	1.57%
International equity	16.00%	7.20%	1.15%
Fixed income pools	10.50%	-0.10%	-0.01%
Real estate and infrastructure pools	10.00%	4.20%	0.42%
Absolute return pools	15.50%	5.00%	0.78%
Short-term investment pools	2.00%	-0.90%	-0.02%
	100.00%		5.45%
Inflation			2.05%
Investment rate of return			7.50%

As of September 30, 2016 Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted rate of Return
Domestic equity pools	28.00%	5.90%	1.64%
Alternative investment pools	18.00%	9.20%	1.66%
International equity pools	16.00%	7.20%	1.15%
Fixed income pools	10.50%	0.90%	0.09%
Real estate and infrastructure pools	10.00%	4.30%	0.43%
Absolute return pools	15.50%	6.00%	0.93%
Short-term investment pools	2.00%	0.00%	0.00%
	100.00%		5.90%
Inflation			2.10%
Investment rate of return			**8.00%**

Discount Rate

A discount rate of 7.5% and 8.0% was used to measure the total pension and OPEB liabilities (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only) as of September 30, 2017 and 2016, respectively. This discount rate was based on the long term expected rate of return on pension and OPEB plan investments of 7.5% and 8% as of September 30, 2017 and 2016, respectively. (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 and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.5% and 8% as of September 30, 2017 and 2016, respectively (7.0% for the Hybrid Plan), as well as what the College's proportionate share of the net pension liability as of June 30 would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net pension liability (2018)	$ 42,958,767	$ 32,977,540	$ 24,573,984

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
College's proportionate share of the net pension liability (2017)	$ 41,819,408	$ 32,474,831	$ 24,596,454

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

The following presents the College's proportionate share of the net OPEB liability as of June 30, 2018 calculated using the discount rate of 7.5%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net OPEB liability	$ 13,200,443	$ 11,270,014	$ 9,631,683

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to the Healthcare Cost

The following presents the College's proportionate share of the net OPEB liability as of June 30, 2018 calculated using the assumed healthcare trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (6.5%)	Current Healthcare Cost Trend Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net OPEB liability	$ 9,544,187	$ 11,270,014	$ 13,229,570

Change in Pension Plan Actuarial Assumption

On February 23, 2017, in accordance with PA 300 of 1980, as amended, the Michigan Public Schools' Employees Retirement System Board approved a decrease in the assumed investment rate of return (discount rate) used in the System's annual actuarial valuation for the non-hybrid defined benefit pension plan from 8.0% to 7.5% effective for the September 30, 2016 valuation and following.

The September 30, 2016 Annual Actuarial Valuation Report will be used to establish the employer contribution for fiscal year beginning October 1, 2018 and will be based upon the 7.5% investment rate of return assumption. The actuarial computed employer contributions for fiscal year 2019 and beyond and the net pension liability as of June 30, 2019 and beyond will increase as a result of lowering the assumed investment rate of return.

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2018, the College reported a payable of $302,910 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2018. At June 30, 2017, the College reported a payable of $248,040 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2017.

Payable to the OPEB Plan

At June 30, 2018, the College reported a payable of $27,742 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2018.

Optional Retirement Plan

Effective October 1, 1996, existing professional MPSERS members and new professional employees of the College may elect to participate in an optional retirement plan ("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"). Under the ORP, the College contributed between 15% to 18% of covered wages for the years ending June 30, 2018 and 2017. The participant contributes between 4% to 7% of the participant's compensation. Contributions of approximately $662,000 and $580,000 were made by the College for the years ended June 30, 2018 and 2017, respectively. Employee contributions of approximately $243,000 and $210,000 were made for the years ended June 30, 2018 and 2017, respectively.

5. LONG-TERM LIABILITIES

Long-term liabilities consists of the following obligations as of June 30:

2018	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Current Portion
Bonds Payable:					
General obligation bonds	$ 1,800,000	$ -	$ 320,000	$ 1,480,000	$ 330,000
Discount/premium	28,565	-	639	27,926	-
Notes Payable:					
Student housing	-	750,000	-	750,000	-
Total long-term liabilities	**$ 1,828,565**	**$ 750,000**	**$ 320,639**	2,257,926	**$ 330,000**
Less current portion of long-term liabilities				330,000	
Long-term liabilities, net of current portion				**$ 1,927,926**	

2017	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Current Portion
Bonds Payable:					
General obligation bonds	$ 2,120,000	$ -	$ 320,000	$ 1,800,000	$ 320,000
Michigan New Jobs Training Bonds	27,000	-	27,000	-	-
Discount/premium	29,204	-	639	28,565	-
Total long-term liabilities	**$ 2,176,204**	**$ -**	**$ 347,639**	1,828,565	**$ 320,000**
Less current portion of long-term liabilities				320,000	
Long-term liabilities, net of current portion				**$ 1,508,565**	

The College has an outstanding Community College General Obligation Limited Tax Bond, Series 2015, in the original amount of $2,430,000.

The Community College General Obligation Limited Tax Refunding Bonds, Series 2015, have principal payments ranging from $155,000 to $340,000 due annually through 2024. Interest is payable semiannually in October and April at rates ranging from 2% to 4%. The bonds are reported net of a premium of $61,863 and deferred items totaling $33,937, which are being amortized over the 9 year term of the bonds. The net balance outstanding on this bond at June 30, 2018 and 2017, was $1,507,926 and $1,828,565, respectively.

The bonds will be repaid from remaining project funds and general operating revenues of the College.

Scheduled principal and interest requirements of General Obligation Limited Tax Refunding Bonds, Series 2015, payable for years succeeding June 30, 2018, are summarized below:

Year Ended June 30,	Principal	Interest	Total
2019	$ 330,000	$ 37,550	$ 367,550
2020	335,000	30,950	365,950
2021	340,000	24,250	364,250
2022	155,000	17,450	172,450
2023	160,000	12,800	172,800
2024	160,000	6,400	166,400
Totals	**$ 1,480,000**	**$ 129,400**	**$ 1,609,400**

On September 8, 2017, the College entered into a purchase agreement for student housing property. The purchase was financed with a secured promissory note and mortgage payable to the Community Foundation of St. Clair County. Terms of the note require monthly interest payments ranging from 0.75% to 4.00% of the principal over the life of the note. The principal amount of the note is $750,000. The principal amount is due and payable at any time on or before September 8, 2028.

Scheduled principal and interest requirements of the Community Foundation of St. Clair County note payable for years succeeding June 30, 2018, are summarized below:

Year Ended June 30,	Principal	Interest	Total
2019	$ -	$ 8,438	$ 8,438
2020	-	9,375	9,375
2021	-	12,187	12,187
2022	-	13,125	13,125
2023	-	18,750	18,750
2024-2029	750,000	134,531	884,531
Totals	**$ 750,000**	**$ 196,406**	**$ 946,406**

NOTES TO FINANCIAL STATEMENTS

6. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, torts, errors and omissions, and workers' compensation as well as medical benefits provided to employees. The College has purchased commercial insurance for medical benefit and workers' compensation claims and participates in the Michigan Community College Risk Management Authority risk pool for claims related to all other types of claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

7. FOUNDATIONS

The SC4 Foundation is a separate legal nonprofit entity established to accept, collect, hold and invest donations made for the sole benefit of the College. The assets and all activity of this foundation are reported as a discretely presented component unit in the College's financial statements. The SC4 Foundation also has separately issued financial statements which can be requested by contacting the Foundation directly.

The financial statements do not include the accounts and operations of the Del James Blessinger Foundation, which is also organized to promote, encourage, and aid St. Clair County Community College. Net assets of the Foundation approximate $457,000 and $466,000 at June 30, 2018 and 2017, respectively. Contributions received from this foundation totaled approximately $15,800 and $20,200 for the years ended June 30, 2018 and 2017, respectively.

The College provides personnel support, supplies, and equipment to the foundations.

8. CONTINGENCIES

In the normal course of its activities, the College is a party to various legal actions. It is the opinion of College officials that potential claims in excess of insurance coverage resulting from pending litigation would not have a material effect on the financial statements.

9. SUPPLEMENTAL CASH FLOW INFORMATION

Non-Cash Investing and Financing Activities

The College financed the purchase of a building and land in 2018 by obtaining credit in the form of a secured note payable in the amount of $750,000. Approximately $559,924 of the note payable was used for the purchase and the remaining $190,076 was cash received that was used for improvements of the building.

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
College's proportion of the net pension liability	0.12726%	0.13016%	0.12839%	0.13265%
College's proportionate share of the net pension liability	$ 32,977,540	$ 32,474,831	$ 31,358,388	$ 29,219,048
College's covered-employee payroll	$ 10,577,155	$ 10,547,616	$ 10,547,267	$ 11,317,525
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	311.78%	307.89%	297.31%	258.18%
Plan fiduciary net position as a percentage of the total pension liability	64.21%	63.27%	63.17%	66.20%

The amounts presented for the fiscal year were determined as of September 30 of the preceding year.

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

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Pension Contributions

	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
Contractually required contribution	$ 3,382,255	$ 3,346,179	$ 3,338,043	$ 3,375,954
Contributions in relation to the contractually required contribution	(3,382,255)	(3,346,179)	(3,338,043)	(3,375,954)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 10,267,864	$ 10,232,141	$ 10,029,474	$ 11,063,281
Contributions as a percentage of covered employee payroll	32.94%	32.70%	33.28%	30.51%

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

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30, 2018
College's proportionate share of the net OPEB liability	$ 11,270,014
College's proportion of the net OPEB liability	0.12727%
College's covered-employee payroll	$ 10,577,155
College's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	106.55%
Plan fiduciary net position as a percentage of the total OPEB liability	36.39%

The amounts presented for the fiscal year were determined as of September 30 of the preceding year.

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively.
Ultimately, 10 years of data will be presented.

ST. CLAIR COUNTY COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of College Other Postemployment Benefits Contributions

	Year Ended June 30, 2018
Contractually required contribution	$ 734,681
Contributions in relation to the contractually required contribution	(734,681)
Contribution deficiency (excess)	$ -
College's covered-employee payroll	$ 10,267,864
Contributions as a percentage of covered employee payroll	7.16%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively.
Ultimately, 10 years of data will be presented.

SUPPLEMENTARY INFORMATION

ST. CLAIR COUNTY COMMUNITY COLLEGE

COMBINING STATEMENT OF NET POSITION (UNAUDITED)

JUNE 30, 2018

	General Fund	Pension & OPEB Liability Fund	Designated Fund	Auxiliary Fund	Restricted Funds	Loan Funds	Plant Funds	Agency Funds	Endowment Funds	Combined Total
Assets										
Current assets										
Cash and cash equivalents	$ 2,836,002	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,732	$ -	$ 2,880,734
Short-term investments	2,945,692	-	519,343	55,334	595,020	204,415	6,556,732	408,987	-	11,285,523
State appropriations receivable	1,327,290	238,894	-	-	-	-	-	-	-	1,566,184
Federal and state grants receivable	-	-	-	-	279,198	-	-	-	-	279,198
Accounts receivable, net	565,959	-	-	6,249	20,365	-	-	990	-	593,563
Student loans receivable	-	-	-	-	-	7,253	-	-	-	7,253
Prepaid expenses and other assets	5,338	-	-	-	-	-	-	-	-	5,338
Due from (due to) other funds	140,978	-	-	-	(148,988)	19,861	14,797	5,701	(32,349)	-
Total current assets	7,821,259	238,894	519,343	61,583	745,595	231,529	6,571,529	460,410	(32,349)	16,617,793
Noncurrent assets										
Restricted cash and investments	-	-	-	-	572	282	6,286,379	-	1,186,392	7,473,625
Property and equipment - net	-	-	-	-	-	-	43,240,572	-	-	43,240,572
Total noncurrent assets	-	-	-	-	572	282	49,526,951	-	1,186,392	50,714,197
Total assets	7,821,259	238,894	519,343	61,583	746,167	231,811	56,098,480	460,410	1,154,043	67,331,990
Liabilities										
Deferred outflows of resources										
Deferred pension amounts	-	7,142,853	-	-	-	-	-	-	-	7,142,853
Deferred other postemployment benefits amounts	-	623,201	-	-	-	-	-	-	-	623,201
Total deferred outflows of resources	-	7,766,054	-	-	-	-	-	-	-	7,766,054
Current liabilities										
Accounts payable	513,011	238,894	-	2,550	118,494	-	1,621,051	18,469	-	2,512,469
Accrued payroll, vacation, and other compensation	1,365,467	-	-	-	3,057	-	-	49,415	-	1,417,939
Current portion of long-term liabilities	-	-	-	-	-	-	330,000	-	-	330,000
Accrued interest payable	-	-	-	-	-	-	9,715	-	-	9,715
Deposits	3,510	-	-	7,500	-	-	-	392,526	-	403,536
Unearned revenue	408,878	-	-	11,110	405,570	-	-	-	-	825,558
Total current liabilities	2,290,866	238,894	-	21,160	527,121	-	1,960,766	460,410	-	5,499,217
Noncurrent liabilities										
Long-term liabilities, net of current portion	-	-	-	-	-	-	1,927,926	-	-	1,927,926
Net pension liability	-	32,977,540	-	-	-	-	-	-	-	32,977,540
Net other postemployment benefits liability	-	11,270,014	-	-	-	-	-	-	-	11,270,014
Total noncurrent liabilities	-	44,247,554	-	-	-	-	1,927,926	-	-	46,175,480
Total liabilities	2,290,866	44,486,448	-	21,160	527,121	-	3,888,692	460,410	-	51,674,697
Deferred inflows of resources										
Deferred pension amounts	-	4,279,117	-	-	-	-	-	-	-	4,279,117
Deferred other postemployment benefits amounts	-	381,008	-	-	-	-	-	-	-	381,008
Total deferred inflows of resources	-	4,660,125	-	-	-	-	-	-	-	4,660,125
Net position										
Net investment in capital assets	-	-	-	-	-	-	41,278,709	-	-	41,278,709
Restricted										
Nonexpendable endowments	-	-	-	-	-	-	-	-	1,154,043	1,154,043
Expendable gifts	-	-	-	-	219,046	-	-	-	-	219,046
Loans	-	-	-	-	-	231,811	-	-	-	231,811
Capital projects	-	-	-	-	-	-	6,286,379	-	-	6,286,379
Unrestricted (deficit)	5,530,393	(41,141,625)	519,343	40,423	-	-	4,644,700	-	-	(30,406,766)
Total net position	$ 5,530,393	$ (41,141,625)	$ 519,343	$ 40,423	$ 219,046	$ 231,811	$ 52,209,788	$ -	$ 1,154,043	$ 18,763,222

ST. CLAIR COUNTY COMMUNITY COLLEGE

COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (UNAUDITED)
YEAR ENDED JUNE 30, 2018

	General Fund	Pension & OPEB Liability Fund	Designated Fund	Auxiliary Fund	Restricted Funds	Loan Funds	Plant Funds	Endowment Funds	Elimination Entries	Combined Total
Operating revenues										
Tuition and fees (net of scholarship allowances of $2,735,958)	$ 12,794,808	$ -	$ -	$ -	$ -	$ -	$ 1,399,540	$ -	$ (2,735,958)	$ 11,458,390
Federal grants and contracts	-	-	-	-	1,019,562	-	-	-	-	1,019,562
State grants and contracts	-	-	-	-	9,864	-	-	-	-	9,864
Nongovernmental grants and contracts	-	-	-	-	325,045	-	2,500	-	-	327,545
Sales and services of auxiliary activities	-	-	-	114,925	-	-	-	-	-	114,925
Indirect cost recoveries	158,150	-	-	-	-	-	-	-	(158,150)	-
Current funds expenditures for capital equipment and improvements	-	-	-	-	-	-	241,911	-	(241,911)	-
Other sources	421,099	-	-	-	-	235	-	-	-	421,334
Total operating revenues	13,374,057	-	-	114,925	1,354,471	235	1,643,951	-	(3,136,019)	13,351,620
Operating expenses										
Instruction	11,014,989	(114,141)	-	-	464,620	-	-	-	(234,158)	11,131,310
Public service	313,653	(3,183)	-	79,610	31,684	-	-	-	-	421,764
Instructional support	3,395,258	(33,173)	26,800	-	82,781	-	-	-	(100,215)	3,371,451
Information technology	1,181,128	(1,933)	-	-	-	-	-	-	-	1,179,195
Student services	3,463,059	(34,173)	1,493	-	5,121,515	-	-	-	(2,793,632)	5,758,262
Institutional administration	3,399,571	(24,783)	52,157	-	20,958	-	-	-	(8,014)	3,439,889
Operation and maintenance of plant	3,023,859	(15,983)	-	-	2,000	-	2,305,182	-	-	5,315,058
Depreciation	-	-	-	-	-	-	2,634,182	-	-	2,634,182
Total operating expenses	25,791,517	(227,369)	80,450	79,610	5,723,558	-	4,939,364	-	(3,136,019)	33,251,111
Operating (loss) income	(12,417,460)	227,369	(80,450)	35,315	(4,369,087)	235	(3,295,413)	-	-	(19,899,491)
Nonoperating revenues (expenses)										
Federal Pell grants	-	-	-	-	4,275,181	-	-	-	-	4,275,181
State appropriations	7,907,913	(364,449)	-	-	-	-	-	-	-	7,543,464
Property taxes	10,059,008	-	-	-	-	-	-	-	-	10,059,008
Endowment income	-	-	-	-	4,814	10,672	-	-	(15,486)	-
Investment income, net	224,676	-	-	-	108	10	-	17,910	-	242,704
Interest on capital asset - related debt	-	-	-	-	-	-	(46,257)	-	-	(46,257)
Distribution to beneficiary funds	-	-	-	-	-	-	-	(16,874)	15,486	(1,388)
Net nonoperating revenues (expenses)	18,191,597	(364,449)	-	-	4,280,103	10,682	(46,257)	1,036	-	22,072,712
Income (loss) before transfers	5,774,137	(137,080)	(80,450)	35,315	(88,984)	10,917	(3,341,670)	1,036	-	2,173,221
Transfers (out) in	(5,774,137)	-	150,000	-	59,590	(450)	5,564,547	450	-	-
Net increase (decrease) in net position	-	(137,080)	69,550	35,315	(29,394)	10,467	2,222,877	1,486	-	2,173,221
Net position, beginning of year	5,530,393	(29,950,302)	449,793	5,108	248,440	221,344	49,986,911	1,152,557	-	27,644,244
Implementation of GASB 75	-	(11,054,243)	-	-	-	-	-	-	-	(11,054,243)
Net position, end of year	$ 5,530,393	$ (41,141,625)	$ 519,343	$ 40,423	$ 219,046	$ 231,811	$ 52,209,788	$ 1,154,043	$ -	$ 18,763,222