

Dawson Community College
Glendive, Montana

FINANCIAL REPORT

June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

MD&A

FINANCIAL STATEMENTS

DAWSON COMMUNITY COLLEGE
STATEMENT OF NET POSITION
June 30, 2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 44,380
Taxes receivable	50,602
Due from local government	189,221
Student loans receivable	64,033
Accounts receivable, net of allowance for doubtful accounts of \$189,326	397,600
Grants receivable	110,425
Prepaid expenses	<u>83,090</u>
Total current assets	<u>939,351</u>

NONCURRENT ASSETS

Restricted cash	353,340
Restricted investments	2,526,383
Land	137,518
Property and equipment, net of accumulated depreciation of \$8,402,019	<u>8,427,767</u>
Total noncurrent assets	<u>11,445,008</u>
Total assets	<u>12,384,359</u>

DEFERRED OUTFLOWS OF RESOURCES

OPEB obligation	520,588
Pension obligation	<u>1,167,862</u>
Total deferred outflows of resources	<u>1,688,450</u>
Total assets and deferred outflows of resources	<u>\$ 14,072,809</u>

See Notes to Financial Statements.

DAWSON COMMUNITY COLLEGE
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2021

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 100,257
Accrued payroll expenses	355,532
Advanced tuition and fees	78,674
Interest payable	10,809
Current portion of long-term debt	326,760
Current portion of compensated absences	<u>97,139</u>
Total current liabilities	<u>969,171</u>

LONG-TERM LIABILITIES

Long-term debt, less current portion	1,191,659
Long-term compensated absences, less current portion	194,278
Net pension liability	4,156,444
OPEB payable	<u>550,150</u>
Total long-term liabilities	<u>6,092,531</u>
Total liabilities	<u>7,061,702</u>

DEFERRED INFLOWS OF RESOURCES

OPEB obligation	473,302
Pension obligation	<u>62,195</u>
Total deferred inflows of resources	<u>535,497</u>

NET POSITION

Net investment in capital assets	7,046,866
Restricted for:	
Student loans	89,917
Scholarships, research, and other	1,665,703
Student activities fund	268,698
Unrestricted deficit	<u>(2,595,574)</u>
Total net position	<u>6,475,610</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 14,072,809</u>

DAWSON COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2021

OPERATING REVENUES

Federal grants and contracts	\$ 616,286
State and private grants and contracts	382,428
Tuition, net of waivers of \$472,812	1,095,422
Course and mandatory fees	570,373
Auxiliary activities:	
Bookstore	125,597
Dormitory	920,426
Other revenue	<u>1,543,332</u>
Total operating revenues	<u>5,253,864</u>

OPERATING EXPENSES

Salaries	3,462,884
Payroll taxes and benefits	2,104,111
Travel	326,619
Supplies	800,432
Contracted services	1,033,295
Repairs and maintenance	112,823
Utilities	203,789
Communication	170,015
Scholarships and grants	1,238,285
Other operating expense	706,688
Depreciation	<u>382,131</u>
Total operating expenses	<u>10,541,072</u>

Operating loss (5,287,208)

NON-OPERATING REVENUES (EXPENSES)

Interest income	1,661
Interest expense	(88,446)
Federal Pell grant funding	484,674
State appropriation	1,871,902
State oil and gas production tax	91,935
Local appropriation	<u>2,495,970</u>
Total non-operating revenues	<u>4,857,696</u>

Change in net position (429,512)

Net position, beginning of year as previously stated 7,101,759

Prior period adjustment (196,637)

Net position, end of year \$ 6,475,610

See Notes to Financial Statements.

DAWSON COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tuition and course fees	\$ 1,477,639
Receipts from grants and contracts	1,085,145
Receipts from the bookstore	125,597
Receipts from the dormitory	920,426
Cash paid to employees	(4,968,286)
Cash paid to suppliers	(3,038,867)
Cash paid for scholarships and student support	(1,238,285)
Payments for utilities	(203,789)
Other receipts	<u>1,543,332</u>
Net cash flows from operating activities	<u>(4,297,088)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,661
Purchases and sales of investments, net	<u>(411,099)</u>
Net cash flows from investing activities	<u>(409,438)</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	1,871,902
State oil and gas production tax	91,935
Federal Pell grant funding	484,674
Local appropriations	<u>2,436,516</u>
Net cash flows from non-capital financing activities	<u>4,885,027</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of property and equipment	(327,629)
Principal payments on long-term debt	(296,632)
Interest payments on long-term debt	<u>(88,446)</u>
Net cash flows from capital and related financing activities	<u>(712,707)</u>
Net change in cash and cash equivalents	(534,206)
Cash and cash equivalents, beginning of year	<u>931,926</u>
Cash and cash equivalents, end of year	<u>\$ 397,720</u>
 Reconciliation to Balance Sheet:	
Dawson Community College:	
Cash and cash equivalents	\$ 44,380
Restricted cash	<u>353,340</u>
Total cash and cash equivalents and restricted cash	<u>\$ 397,720</u>

See Notes to Financial Statements.

DAWSON COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS (CONTINUED)
For the Year Ended June 30, 2021

Reconciliation of operating loss to net cash	
flows from operating activities:	
Operating loss	\$ (5,287,208)
Adjustments to reconcile operating loss to net cash	
flows from operating activities:	
Depreciation	382,131
Change in OPEB obligation	641,649
Contributions from the State for pensions	(105,871)
Changes in operating assets and liabilities:	
Accounts receivable, net	(215,215)
Grants receivable	86,431
Prepaid expenses	(25,262)
Inventory	77,818
Accounts payable	58,449
Advanced tuition and fees	27,059
Accrued payroll expenses	74,780
Compensated absences	(11,849)
Net cash flows from operating activities	<u>\$ (4,297,088)</u>

See Notes to Financial Statements.

DAWSON COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF DAWSON COMMUNITY COLLEGE)
STATEMENT OF FINANCIAL POSITION
As of October 31, 2020

ASSETS

Cash and cash equivalents	\$ 182,914
Investments	1,595,865
Interest receivable	<u>2,180</u>
Total assets	<u>1,780,959</u>

NET ASSETS

Without donor restrictions:	
Undesignated	273,204
Designated by the governing board	31,741
With donor restrictions	<u>1,476,014</u>
Total net assets	<u>1,780,959</u>
Total liabilities and net assets	<u>\$ 1,780,959</u>

See Notes to Financial Statements.

DAWSON COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF DAWSON COMMUNITY COLLEGE)
STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2020

	Without Donor	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contributions	\$ 75,238	\$ 42,894	\$ 118,132
Interest and dividends	32,781	11,455	44,236
Realized and unrealized losses on investments	(2,188)	-	(2,188)
Net assets released from restriction	<u>5,799</u>	<u>(5,799)</u>	<u>-</u>
Total revenue and support	<u>111,630</u>	<u>48,550</u>	<u>160,180</u>
EXPENSES			
Program expenses:			
Scholarships	49,912	-	49,912
Teacher development	5,024	-	5,024
Fundraising expenses	1,163	-	1,163
Charitable	52,077	-	52,077
Non-program expenses:			
Management and general	<u>11,597</u>	<u>-</u>	<u>11,597</u>
Total expenses	<u>119,773</u>	<u>-</u>	<u>119,773</u>
Change in net assets	(8,143)	48,550	40,407
Net assets, beginning of year	<u>313,088</u>	<u>1,427,464</u>	<u>1,740,552</u>
Net assets, end of year	<u>\$ 304,945</u>	<u>\$ 1,476,014</u>	<u>\$ 1,780,959</u>

See Notes to Financial Statements.

DAWSON COLLEGE FOUNDATION, INC.
(A COMPONENT UNIT OF DAWSON COMMUNITY COLLEGE)
STATEMENT OF CASH FLOW
For the Year Ended October 31, 2020

NET CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 40,407
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Unrealized and realized losses on investments	2,188
Increase in interest receivable	<u>(820)</u>
Net cash flows from operating activities	<u>41,775</u>
 NET CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales of investments	443,114
Purchases of investments	<u>(465,515)</u>
Net cash flows from investing activities	<u>(22,401)</u>
 Net change in cash and cash equivalents	19,374
Cash and cash equivalents, beginning of year	<u>163,540</u>
Cash and cash equivalents, end of year	<u>\$ 182,914</u>

See Notes to Financial Statements.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Dawson Community College, a Community College District (the College), is presented to assist in understanding the College's financial statements. The financial statements and notes are representations of the College's management, which is responsible for their integrity and objectivity.

The College's financial statements are prepared in accordance with the pronouncements of Governmental Accounting Standards Board (GASB) and in accordance with accounting principles generally accepted in the United States of America (GAAP).

Nature of Business – Reporting Entity

The accompanying financial statements include all activities of Dawson Community College. Dawson Community College is a community college district that has received accreditation from the Northwest Association of Schools and Colleges. The College is managed by a Board of Trustees, each member of which is elected in district-wide elections. The College administration is appointed by and responsible to the Board of Trustees.

The County government of Dawson County provides substantial services to the College. Taxes are levied and collected by the County. Cash is maintained and invested by the County Treasurer. The County does not significantly influence the operations of the College; thus, the College is treated as a separate and independent unit of the local government.

The College, for financial purposes, includes all funds, organizations and boards for which the College is financially accountable, and other organizations for which the nature and significance of the relationship are such that the exclusion would cause the College's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a majority of the governing body, and by the imposition of will or the potential for financial benefit or burden.

As defined by GAAP established under GASB, the financial reporting entity consists of the primary government, as well as its component unit Dawson College Foundation, Inc. (the Foundation). The Foundation has been organized to coordinate fundraising activities for the College. These include the long-term care of, and building of, additional facilities at the College location in Glendive, Montana. The Foundation uses these funds to assist in purchasing necessary educational equipment and supplies.

The Foundation's financial statements for the fiscal year ended October 31, 2020, are discretely presented because the College does not have financial accountability for the Foundation.

The Foundation's financial statements are prepared in accordance with the pronouncements of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Nature of Business – Reporting Entity (Continued)

Accordingly, those financial statements have been reported on separate pages following the respective counterpart financial statements of the College. No modifications have been made to the Foundation's financial information included in the College's report. The Foundation's separately issued financial statements may be obtained by contacting their office at 300 College Drive, Glendive, Montana.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the College's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Non-exchange transactions are those in which the College receives value without directly giving equal value in return. Those include property taxes, federal, state and local grants, state appropriations, and other contributions. On an accrual basis, revenue from taxes is recognized in the period for which the levy is intended to finance. Revenues from grants, state appropriations, and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits, cash held by the County Treasurer, and certificates of deposit. For purposes of the Statement of Cash Flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the State Short-term Investment Pool (S.T.I.P.) with the Montana Board of Investments are considered cash equivalents.

Taxes Receivable

The College records taxes receivable and revenue for property taxes that have been assessed, but have not yet been collected. All property taxes are collected by the Treasurer of Dawson County, Montana. Property taxes attach as an enforceable lien on property as of January 1st and are levied on the 2nd week in September. They are due in two equal installments on November 30th, and May 31st, following the levy date.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Taxes Receivable (Continued)

The tax levies for the College for the year ended June 30, 2021, are as follows:

	Number of Mills
General Levy	42.76
Additional Levy	6.40
Permanent Levy	12.60
Debt Service Levy	15.27
Adult Education Levy	4.29
Retirement Fund Levy	<u>24.31</u>
Total	<u>105.63</u>

Due from Local Government

The College receives a mill levy for retirement expenses only. The funds collected for this mill are held by the County for disbursement by the County Superintendent of Schools. They are due in two equal installments on November 30th, and May 31st, following the levy date.

Accounts Receivable

Accounts receivable consist primarily of student tuition and fees. Accounts receivable are recorded net of the estimated uncollectible amounts. The College estimates the allowance for doubtful accounts to include 60% of all account balances over 90 days past due.

Grants Receivable

Grants receivable are for expenditures made on grants for which reimbursement has not been received.

Prepaid Expenses

Prepaid items include payments made in the current fiscal year for expenditures attributable to future periods.

Advanced Tuition and Fees

Advanced tuition and fees includes amounts received from grants and student tuition and fees prior to the end of the fiscal year relating to summer term. These revenues are earned in the subsequent year.

Inventories

Inventories consist mainly of bookstore merchandise and are valued at the lower of cost, or net realizable value, on the first in, first out (FIFO) method. The costs of inventory are recorded as expenditures when consumed.

Non-Current Assets

Cash balances and investments that are externally restricted as to their use are classified as a noncurrent asset in the accompanying statement of net position.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Investment Valuation

The College categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The College does not have any investments that are measured using Level 3 inputs.

Capital Assets and Depreciation

Capital assets include building, improvements, and equipment. Capital assets are defined as assets with an individual initial cost of more than \$5,000 and a useful life in excess of one year for equipment and library resources, and \$25,000 for buildings and improvements.

Purchased capital assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated capital assets are valued at their estimated acquisition value, which approximates fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated under the straight-line method over the following estimated useful lives:

Buildings	50 years
Improvements	7–25 years
Equipment	5–20 years
Library Resources	10 years

Compensated Absences

As required by law, employees are allowed to accumulate earned but unused vacation and sick leave benefits. Unused vacation benefits are 100% payable upon termination. Unused sick leave benefits are payable at 25% of the unused portion upon termination. This liability has been reported as a liability and an expense in the financial statements.

Federal Awards and Grants

The College has received federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in general expenditure disallowances under the terms of the grants, it is believed that any required reimbursement would not be material.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Classification of Net Position

The College classifies net position as follows:

- *Net investment in capital assets* – capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – subject to externally imposed stipulations.
 - *Expendable* – can be fulfilled by actions of the College pursuant to those stipulations or that expire with the passage of time.
 - *Nonexpendable* – the College maintain those assets permanently.
- *Unrestricted* – not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by actions of management, the Board of Trustees, or the Board of Regents, or may otherwise be restricted by contractual agreements with outside parties. Substantially all of the unrestricted net position is designated for general operating purposes and capital asset acquisition.

Revenues

The College has classified its revenues as either operating or non-operating according to the following criteria:

- *Operating Revenues* – includes activities that have the characteristics of exchange transactions, including student tuition and fees, net of scholarship allowances and discounts; sales and services of auxiliary services; and most grants and contracts.
- *Non-operating Revenues* – non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, Pell grant funding, property taxes, investment income, and interest expense.

Use of Restricted Revenues

When the College maintains both restricted and unrestricted funds for the same purpose, the order of use of such funds is determined on a case-by-case basis. Restricted funds remain classified as restricted until they are expended.

Income Taxes

As a public institution of higher education, the income of the College is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the College is subject to federal income tax on any unrelated business taxable income. Defined by the Internal Revenue Code, unrelated business income is from a trade or business, regularly carried on, that is not substantially related to the performance by the organization of its exempt purpose of function. The College does not have unrelated business income tax to report during the fiscal year ended June 30, 2021.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Deferred Outflows and Inflows of Resources

The statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College has two items that qualify for reporting in this category (pension and OPEB obligations).

The statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has two items that qualify for reporting in this category reported on the statement of net position (employer pension assumption and OPEB).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual reports could differ from those estimates.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the Montana University System (MUS) OPEB liability, deferred outflows of resources and deferred inflows of resources related to the MUS OPEB and plan expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined based on the same basis as they are reported by the MUS OPEB plan. These are allocated to employers based on their proportionate share. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are generated by the difference between the stated charge of goods and services provided by the College, and the amount that is paid by the students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance of \$472,812 for the year ended June 30, 2021.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 2. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents

At June 30, 2021, cash and cash equivalents consisted of the following:

Cash on hand	\$ 5,300
Deposits with financial institutions	(26,235)
Invested in Dawson County Investment Pool	<u>65,315</u>
Total cash and cash equivalents	<u>\$ 44,380</u>

The College follows the practice of pooling cash and investments of all funds with the Dawson County Treasurer, except for student loan fund deposits, loan reserves, and Harold Ullman Funds, which are held in demand deposit and investment accounts with local financial institutions.

The College participates in the Dawson County Investment Pool (Pool). Information pertaining to the Pool can be obtained from the County's annual report. The Pool is not registered with the Securities and Exchange Commission and does not have a credit rating. The Pool is managed by the Dawson County Treasurer, who reports to the Dawson County Commissioners. The Pool unit is fixed at \$1 per share for purchases and redemptions. Participants may buy and sell fractional shares.

The Pool has money invested in the S.T.I.P. which includes asset-backed and variable-rate securities. Asset-backed securities have less credit risk than securities not backed by pledged assets. Market risk for asset-backed securities is the same as for similar non-asset-backed securities. Variable-rate securities have credit risk identical to similar fixed-rate securities; the related market risk is more sensitive to changes in interest rates. However, their market risk may be less volatile than fixed-rate securities because their value will usually remain at or near par value as a result of their interest rates being periodically reset to maintain a current market yield. The Montana Board of Investments reported that they were not aware of any legal risks associated with any of the S.T.I.P. investments as of June 30, 2021.

The College may invest in savings deposits, time deposits or repurchase agreements in financial institutions that are both located in Montana and insured by FDIC, SIPC, FSLIC, or NCUA. The College may also invest in general obligations of the United States Government, Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Mortgage Corporation, and Federal Farm Credit Bank, or U.S. government security money market fund, which holds eligible securities in its investment program, or in a unified investment program with the state, county treasurer, or any other political subdivision as long as investments are eligible investments.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Montana law requires 50% security of deposits with financial institutions in excess of the depository insurance coverage limits. A governmental entity's money is insured for each "public unit" based on how the account is titled at the financial institution. The Dawson County government is considered to have \$250,000 FDIC coverage for demand deposits and \$250,000 FDIC coverage for time and savings deposits in each bank in the state. As of June 30, 2021, none of the College's bank balances of \$44,380 were exposed to custodial credit risk.

NOTE 3. RESTRICTED CASH

The College has restricted cash as follows as of June 30, 2021:

Restricted for dorm furniture replacement	\$ 30,757
Bus lease reserve	20,000
Dorm deposits	5,300
Restricted for student loan program	30,777
USDA loan reserve	51,336
Money market funds	<u>215,170</u>
Total restricted cash	<u>\$ 353,340</u>

NOTE 4. RESTRICTED INVESTMENTS

The College's restricted investments are as follows as of June 30, 2021:

Certificates of deposit	\$ 513,436
Mutual funds	<u>2,012,947</u>
Total restricted investments	<u>\$ 2,526,383</u>

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 4. RESTRICTED INVESTMENTS (CONTINUED)

Mutual funds categorized as Level 1 are valued based on prices quoted in active markets for those securities. Certificates of deposit are categorized as Level 2 and are carried at their amortized cost.

Investments' fair value measurements are as follows at June 30, 2021:

Investments	Amount	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 513,436	\$ -	\$ 513,436	\$ -
Mutual Funds:				
Growth and income	1,885,811	1,885,811	-	-
Aggressive growth	<u>127,136</u>	<u>127,136</u>	<u>-</u>	<u>-</u>
Total investments, fair value	<u>\$ 2,526,383</u>	<u>\$ 2,012,947</u>	<u>\$ 513,436</u>	<u>\$ -</u>

Interest Rate Risk

The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The College's investments in S.T.I.P. (through the Dawson County Investment Pool) and various open-ended mutual funds can be liquidated at any time and are therefore not subject to interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The College has no investment policy that would limit its investment choices.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of a failure of a counterparty (the party that pledges collateral or repurchase agreement securities to the College or that sells investments to or buys them for the College), the College will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The College currently does not have an investment policy for custodial credit risk. Deposits are insured by the FDIC up to \$250,000 per bank. Investments are insured by SIPC up to \$500,000. At June 30, 2021, \$1,540,494 of the investment balances exceeded insured limits and are uncollateralized.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, is summarized as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated				
Land	\$ 137,518	\$ -	\$ -	\$ 137,518
Total capital assets not being depreciated	<u>137,518</u>	<u>-</u>	<u>-</u>	<u>137,518</u>
Capital assets being depreciated				
Building	12,648,215	-	-	12,648,215
Equipment	1,503,267	60,506	-	1,563,773
Improvements	1,954,279	267,124	-	2,221,403
Library inventory	396,396	-	-	396,396
Total capital assets being depreciated	<u>16,502,157</u>	<u>327,630</u>	<u>-</u>	<u>16,829,787</u>
Less - accumulated depreciation				
Building	(5,474,605)	(238,245)	-	(5,712,850)
Equipment	(1,265,226)	(55,629)	-	(1,320,855)
Improvements	(895,056)	(85,414)	-	(980,470)
Library inventory	(385,002)	(2,843)	-	(387,845)
Total accumulated depreciation	<u>(8,019,889)</u>	<u>(382,131)</u>	<u>-</u>	<u>(8,402,020)</u>
Net capital assets being depreciated	<u>8,482,268</u>	<u>(54,501)</u>	<u>-</u>	<u>8,427,767</u>
Net capital assets	<u>\$ 8,619,786</u>	<u>\$ (54,501)</u>	<u>\$ -</u>	<u>\$ 8,565,285</u>

NOTE 6. COMPENSATED ABSENCES

Compensated absences payable, which represent vacation and sick leave earned by employees that is payable upon termination at June 30, 2021, is as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Amounts Due Within One Year
Vacation and sick	\$ 303,266	\$ -	\$ (11,849)	\$ 291,417	\$ 97,139

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 7. LONG-TERM LIABILITIES

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
General Obligation Bonds	\$ 1,090,000	\$ -	\$ (255,000)	\$ 835,000	\$ 265,000
<u>Direct Borrowings:</u>					
Stockman Bank	240,632	-	(41,271)	199,361	45,722
USDA Rural Development	484,419	-	(361)	484,058	16,038
	<u>\$ 1,815,051</u>	<u>\$ -</u>	<u>\$ (296,632)</u>	<u>\$ 1,518,419</u>	<u>\$ 326,760</u>

Long-term debt consists of the following at June 30, 2021:

Note payable to Stockman Bank of \$700,000 originated on February 21, 2000. Payments of \$58,250 including both principal and interest, are due on February 10 each year. The note will mature in 2025. Interest is payable at 6.25% per annum with the interest rate to be recalculated every five years. This note is secured by deeds of trust on real estate and improvements of the student dormitories and adjacent parking area. The note is also secured by any fixtures and equipment located in the dormitories owned by the College. Additionally, the USDA provided an 80% guarantee on the note.

\$ 199,361

Note payable to the United States Department of Agriculture - Rural Development, originated on February 21, 2000, for \$700,000. Principal and interest payments of \$39,410 are due on February 21 each year for 40 years. Interest is payable at 4.75% per annum. This note is secured by an assignment of rental revenues from all existing and hereinafter acquired student dormitory facilities owned by the College.

484,058

On September 1, 2004, the College issued general obligation bonds at a purchase price of \$4,000,000 and at an interest rate of 2.9% - 4.35% to pay a portion of the costs of designing, constructing, finishing and equipping a library and learning center expansion project, and for the construction of a new performing arts center/gymnasium. The bonds bear interest payable semiannually on January 1 and July 1 each year, commencing January 1, 2005. The bonds mature beginning July 1, 2005 through 2024.

Total long-term debt	<u>835,000</u>
Less: current maturities	1,518,419
Total long-term debt, net	<u>(326,760)</u>
	<u>\$ 1,191,659</u>

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Approximate future annual minimum principal and interest payments as of June 30, 2021, are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	\$ 265,000	\$ 36,465	\$ 61,760	\$ 35,483
2023	280,000	24,938	66,458	34,702
2024	290,000	12,687	70,305	28,105
2025	-	-	73,992	24,029
2026	-	-	20,342	19,599
2027-2031	-	-	116,105	82,954
2032-2036	-	-	144,615	53,157
2037-2040	-	-	129,842	14,433
Total	<u>\$ 835,000</u>	<u>\$ 74,090</u>	<u>\$ 683,419</u>	<u>\$ 292,462</u>

The Stockman Bank loan guaranteed by the USDA and the United States Department of Agriculture – Rural Development loan is secured by a pledge of revenue from operation of the dormitory. There was \$506,218 in pledged revenue generated from the operations of the dormitory to cover the debt service for the United States Department of Agriculture – Rural Development loan. The total principal and interest remaining to be paid on the Stockman Bank and USDA loans is approximately \$683,419. The total debt service for these loans during the year ended June 30, 2021, was \$41,632.

NOTE 8. RETIREMENT PLANS

The College participates in two state-wide, multiple-employer, cost-sharing retirement plans, which cover all employees, except some substitute and part-time, non-teaching employees. The College's proportionate sum of the retirement systems is as follows:

	Teachers' Retirement System (TRS)	Public Employee Retirement System (PERS)	Total
Net pension liability	\$ 2,064,195	\$ 2,092,249	\$ 4,156,444
Deferred outflows of resources	\$ 590,847	\$ 577,015	\$ 1,167,862
Deferred inflows of resources	\$ 2,374	\$ 59,821	\$ 62,195
Pension expense	\$ 497,712	\$ 546,024	\$ 1,043,736

The following are detailed disclosures for each retirement plan.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System

Plan Description

The Teachers' Retirement System (TRS) is a mandatory-participation, multiple-employer, cost sharing defined-benefit public pension plan that provides retirement services to individuals employed as teachers, administrators, and in other professional and skilled positions employed in public education in Montana.

The TRS Board is the governing body and the TRS staff administers the system in conformity with the laws set forth in Table 19, chapter 20 of Montana Code Annotated, and administrative rules set forth in Title 2, chapter 44 of the Administrative Rules of Montana. Additional information pertaining to membership, benefit structures, and prior years' actuarial valuations, as well as links to applicable statutes and administrative rules, may be obtained by visiting the TRS website at trs.mt.gov.

Summary of Benefits

Through June 30, 2013, all members enrolled in TRS participated in single-tiered plan (Tier One). Employees with a minimum of 25 years of service or who have reached age 60 with 5 years of service are eligible to receive an annual retirement benefit equal to creditable service years divided by 60 times the average final compensation

Benefits fully vest after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Beginning July 1, 2013, new members in TRS participate in a second benefit tier (Tier Two), which differs from Tier One as follows:

- Tier Two uses a 5-year average final compensation (as opposed to 3-year AFC in Tier One),
- Tier Two provides for unreduced service retirement benefits at age 60 with 5 years of creditable service or at age 55 with at least 30 years of creditable service (rather than at age 60 with 5 years of service or at any age with creditable service in 25 years in Tier One),
- Tier Two provides for early retirement benefits with 5 years of creditable service at age 55 (rather than age 50 in Tier One),
- Tier Two has one percent higher normal employee contributions rate (though a temporary 1% supplemental employee contribution rate is also now in place for Tier One members), and
- Tier Two provides for an enhanced benefit calculation – $1.85\% \times \text{AFC} \times \text{years of creditable service}$ – for members retiring with at least 30 years of creditable service and at least 60 years of age (rather than $1.6667 \times \text{AFC} \times \text{years of creditable service}$).

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System (Continued)

Summary of Benefits (Continued)

A guaranteed annual benefit adjustment (GABA) is payable on January 1st of each calendar year for each retiree who has received at least 36 monthly retirement benefit payments prior to that date. The GABA is applicable to both Tier One and Tier Two members. The GABA for Tier One members is 1.5% of the benefit payable as of January 1st. For Tier Two members GABA each year may vary from 0.5% to 1.5% based on retirement system's funding status and the period required to amortize any unfunded accrued actuarial liability as determined in the prior actuarial valuation.

Overview of Contributions

TRS receives a portion of the total required statutory contribution directly from the State for all employers. The employers are considered to be in a special funding situation as defined by GASB 68 and the State is treated as a non-employer contributing entity in TRS. TRS receives 2.49% of reportable compensation from the State's general fund for School Districts and Other Employers. The System also receives 0.11% of reportable compensation from the State's general fund for State and University Employers. Finally, the State is also required to contribute \$25 million in perpetuity payable July 1st of each year. The table below shows the history of legislated contributions for TRS members, employers, and the State.

	Members	Employers	General fund	Total employee & employer
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	9.47%	0.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	9.85%	0.11%	17.11%
July 1, 2013 to June 30, 2014	8.15%	10.85%	0.11%	19.11%
July 1, 2014 to June 30, 2015	8.15%	10.95%	0.11%	19.21%
July 1, 2015 to June 30, 2016	8.15%	11.05%	0.11%	19.31%
July 1, 2016 to June 30, 2017	8.15%	11.15%	0.11%	19.41%
July 1, 2017 to June 30, 2018	8.15%	11.25%	0.11%	19.51%
July 1, 2018 to June 30, 2019	8.15%	11.35%	0.11%	19.61%
July 1, 2019 to June 30, 2020	8.15%	11.45%	0.11%	19.71%
July 1, 2020 to June 30, 2021	8.15%	11.55%	0.11%	19.81%
July 1, 2021 to June 30, 2022	8.15%	11.65%	0.11%	19.91%
July 1, 2022 to June 30, 2023	8.15%	11.75%	0.11%	20.01%
July 1, 2023 to June 30, 2024	8.15%	11.85%	0.11%	20.11%

Stand-Alone Statements

TRS' stand-alone financial statements, actuarial valuations and experience studies can be found online at <https://trs.mt.gov/TrsInfo/NewsAnnualReports>.

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities will be made based on the Board's funding policy, which establishes the contractually required rates under Montana Code Annotated. In addition to the contributions the State general fund will contribute \$25 million annually to the System payable July 1st of each year. Based on those assumptions, the System's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2124. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. No municipal bond rate was incorporated in the discount rate.

Target Allocations

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity	30.00%	6.19%
International Equity	16.00%	6.92%
Private Equity	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
Cash	2.00%	0.11%
	<u>100.00%</u>	

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System (Continued)

Target Allocations (Continued)

*The long-term capital market assumptions published in the *Survey of Capital Market Assumptions 2020 Edition* by Horizon Actuarial Service, LLC, yield a median real return of 4.94%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the 2020 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75-year cost projections. Combining these two results yields a nominal return of 7.34%.

Sensitivity Analysis

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	\$ 2,748,414	\$ 2,064,195	\$ 1,491,734

In accordance with GASB 68 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the above table presents the net pension liability calculated using the discount rate of 7.34%, as well as what the net pension liability would be if it was calculated using a discount rate that is 1.00% lower (6.34%) or 1.00% higher (8.34%) than the current rate.

Summary of Significant Accounting Policies

The Teachers' Retirement System prepares its financial statements using the accrual basis of accounting. For the purposes of measuring the Net Pension Liability, deferred inflows of resources and deferred outflows of resources related to pensions, pension expense, information about the fiduciary net position of the Teachers' Retirement System (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same accrual basis as they are reported by TRS. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. TRS adheres to all applicable Governmental Accounting Standards Board (GASB) statements.

TRS' stand-alone financial statements, actuarial valuations, and experience studies can be found online at <https://trs.mt.gov/TrsInfo/NewsAnnualReports>.

Net Pension Liability

In accordance with GASB Statement 68, Accounting and Financial Reporting for Pensions, employers are required to recognize and report certain amounts associated with their participation in the Montana Teachers' Retirement System (TRS or the System). Statement 68 became effective June 30, 2015, and includes requirements to record and report their proportionate share of the collective Net Pension Liability.

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System (Continued)

Net Pension Liability (Continued)

In accordance with Statement 68, the System has a special funding situation in which the State of Montana is legally responsible for making contributions directly to TRS that are used to provide pension benefits to the retired members of TRS. Due to the existence of a special funding situation, employers are also required to report the portion of the State of Montana's proportionate share of the collective Net Pension Liability that is associated with the employer. The following table displays the amounts and the percentages of Net Pension Liability for the fiscal years ended June 30, 2021 and June 30, 2020 (reporting dates).

	Net Pension Liability June 30, 2021	Net Pension Liability June 30, 2020	Percent of Collective NPL as of June 30, 2021	Percent of Collective NPL as of June 30, 2020	Change in Percent of Collective NPL
College proportionate share	\$ 2,064,195	\$ 1,642,673	0.09180%	0.08520%	0.00660%
State of Montana proportionate share					
associated with the College	<u>1,219,191</u>	<u>995,692</u>	<u>0.05420%</u>	<u>0.05160%</u>	<u>0.00260%</u>
	<u>\$ 3,283,386</u>	<u>\$ 2,638,365</u>	<u>0.14600%</u>	<u>0.13680%</u>	<u>0.00920%</u>

At June 30, 2021, the College recorded a liability of \$2,064,195 for its proportionate share of the Net Pension Liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. Therefore, no update procedures were used to roll forward the total pension liability to the measurement date. The College's proportion of the net pension liability was based on the College's contributions received by TRS during the measurement period July 1, 2019 through June 30, 2020, relative to the total employer contributions received from all of TRS' participating employers. At June 30, 2021, the College's proportion was 0.0918%.

Changes in Actuarial Assumptions and Other Inputs:

Since the previous measurement date, the following changes to actuarial assumptions were made:

- The discount rate was lowered from 7.50% to 7.34%.
- The investment rate of return assumption was lowered from 7.50% to 7.34%.
- The inflation rate was reduced from 2.50% to 2.40%.

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System (Continued)

Changes in Proportionate Share:

There were no changes between the measurement date of the collective net pension liability and the reporting date. However, each employer may have unique circumstances that will impact the employer's proportionate share of the collective net pension liability. If there were changes that are expected to have an impact on the net pension liability, the employer should disclose the amount of the expected resultant change in the employer's proportionate share of the collective net pension liability, if known.

Pension Expense

At June 30, 2021, the College recognized a Pension Expense of \$497,712 for its proportionate share of the TRS' pension expense. The College also recognized grant revenue of \$161,538 for the support provided by the State of Montana for its proportionate share of the pension expense that is associated with the College.

	Pension Expense as of June 30, 2021
College proportionate share	\$ 336,174
State of Montana proportionate share	
associated with the College	161,538
	\$ 497,712

Deferred Inflows and Outflows

At June 30, 2021, the College reports its proportionate share of TRS deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,010	\$ -
Changes in actuarial assumptions	108,111	2,374
Differences between projected and actual investment earnings	144,606	-
Differences between expected and actual contributions	196,649	-
College's contributions subsequent to the measurement date	121,471	-
Total	\$ 590,847	\$ 2,374

* Amounts reported as deferred outflows of resources related to pensions resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Teachers' Retirement System (Continued)

Deferred Inflows and Outflows (Continued)

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

Year Ended June 30:	Amount of Deferred Outflows (Inflows) to be recognized as an increase or (decrease) to Pension Expense
2022	\$ 222,556
2023	127,187
2024	80,968
2025	36,291
2026	-
Thereafter	-

Public Employees' Retirement System

Plan Description

The Public Employees' Retirement System (PERS) Defined Benefit Retirement Plan (DBRP), administered by the Montana Public Employee Retirement Administration (MPERA) is a multiple-employer, cost-sharing plan, established July 1, 1945, and governed by Title 19, chapters 2 and 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP). For members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contributions will be used to pay down the liability of the PERS-DBRP.

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Summary of Benefits

Service Retirement:

- Hired prior to July 1, 2011:
 - Age 60, 5 years of membership service
 - Age 65, regardless of membership service
 - Any age, 30 years of membership service
- Hired on or after July 1, 2011
 - Age 65, 5 years of membership service
 - Age 70, regardless of membership service

Early Retirement:

- Hired prior to July 1, 2011
 - Age 50, 5 years of membership service
 - Any age, 25 years of membership service
- Hired prior to July 1, 2011
 - Age 55, 5 years of membership service

Second Retirement: (requires returning to PERS-covered employer or PERS service)

- Retired before January 1, 2016, and accumulate less than 2 years additional service credit or retired on or after January 1, 2016, and accumulate less than 5 years additional service credit:
 - A refund of member's contributions plus return interest (currently .77% effective July 1, 2017).
 - No service credit for second employment;
 - Start the same benefit amount the month following termination; and
 - Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.
- Retired before January 1, 2016, and accumulate at least 2 years of additional service credit:
 - A recalculated retirement benefit based on provisions in effect after the initial retirement; and
 - GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Summary of Benefits (Continued)

Second Retirement: (requires returning to PERS-covered employer or PERS service)
(Continued)

- Retired on or after January 1, 2016, and accumulate 5 or more years of service credit:
 - The same retirement as prior to the return to service;
 - A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date; and
 - GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Member's Highest Average Compensation (HAC)

- Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;
- Hired on or after July 1, 2011 – highest average compensation during any consecutive 60 months;

Compensation Cap

- Hired on or after July 1, 2013 – 110% annual cap on compensation considered as a part of a member's highest average compensation.

Monthly Benefit Formula

- Members hired prior to July 1, 2011
 - Less than 25 years of membership service: 1.785% of HAC per year of service credit;
 - 25 years of membership service or more: 2% of HAC per year of service credit.
- Members hired on or after July 1, 2011
 - Less than 10 years of membership service: 1.5% of HAC per year of service credit;
 - 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
 - 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, **inclusive** of all other adjustments to the member's benefit.

- 3.0% for members hired **prior to** July 1, 2007
- 1.5% for members hired between July 1, 2007 and June 30, 2013

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Summary of Benefits (Continued)

Guaranteed Annual Benefit Adjustment (GABA) (Continued)

- Members hired on or after July 1, 2013:
 - (a) 1.5% for each year PERS is funded at or above 90%;
 - (b) 1.5% reduced by 0.1% for each 2% PERS is funded below 90%; and
 - (c) 0% whenever the amortization period for PERS is 40 years or more.

Overview of Contributions

The state Legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

Special Funding: The state of Montana, as the nonemployer contributing entity, paid to the Plan, additional contributions that qualify as *special funding*. Those employers who received *special funding* are all participating employers.

Not Special Funding: Per Montana law, state agencies and universities paid their own additional contributions. The employer-paid contributions are *not* accounted for as special funding for state agencies and universities, but are reported as employer contributions.

Member and employer contribution rates are shown in the table below.

Fiscal Year	Member		Employer
	Hired	Hired	
	<07/01/11	>07/01/11	
2021	7.900%	7.900%	8.870%
2020	7.900%	7.900%	8.770%
2019	7.900%	7.900%	8.670%
2018	7.900%	7.900%	8.570%
2017	7.900%	7.900%	8.470%
2016	7.900%	7.900%	8.370%
2015	7.900%	7.900%	8.270%
2014	7.900%	7.900%	8.170%
2012-2013	6.900%	7.900%	7.170%
2010-2011	6.900%		7.170%
2008-2009	6.900%		7.035%
2000-2007	6.900%		6.900%

1. Member contributions to the system of 7.90% are temporary and will be decreased to 6.90% on January 1 following actuary valuation results that show that amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

Overview of Contributions (Continued)

2. Employer contributions to the system:
 - a. Effective July 1, 2014, following the 2013 Legislative Session, PERS-employer contributions increased an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, will terminate on January 1 following an actuary valuation that shows the amortization period of the PERS-DBRP has dropped below 25 years and remains below the 25 years and would remain below the 25 years following the reduction of both the additional employer and additional member contribution rates.
 - b. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.
 - c. The portion of employer contributions allocated to the PCR are included in the employer's reporting. The PCR was paid off effective March 2016 and the contributions previously directed to the PCR are now directed to member accounts.
3. Non-Employer Contributions:
 - a. Special Funding
 - i. The State contributes 0.1% of members' compensation on behalf of local government entities.
 - ii. The State contributes 0.37% of members' compensation on behalf of school district entities.
 - iii. The state contributed a Statutory Appropriation from the General Fund of \$33,951,150.

Summary of Significant Accounting Policies

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used by MPERA for the purposes of determining the Net Pension Liability (NPL); Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions; Pension Expense; the Fiduciary Net Position; and, Additions to or Deductions from Fiduciary Net Position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value. MPERA adhered to all accounting principles generally accepted by all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end can be utilized to determine the Plan's TPL. The basis for the TPL as of June 30, 2020, was determined by taking the results of the June 30, 2019, actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The roll forward procedure will include the effects of any assumption changes and legislative changes. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

The Total Pension Liability (TPL) minus the Fiduciary Net Position equals the Net Pension Liability (NPL). The proportionate shares of the employer's and the State of Montana's NPL for June 30, 2020 and 2019, are displayed below. The employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and nonemployer contributions during the measurement period. The state's proportionate share for a particular employer equals the ratio of the contributions for the particular employer to the total state contributions paid. The College recorded a liability of \$2,092,249 and the College's proportionate share was 0.0793%.

	Net Pension Liability June 30, 2020	Net Pension Liability June 30, 2019	Percent of Collective NPL as of June 30, 2020	Percent of Collective NPL as of June 30, 2019	Change in Percent of Collective NPL
College proportionate share	\$ 2,092,249	\$ 1,593,875	0.07931%	0.07625%	0.00306%
State of Montana proportionate share associated with the College	<u>661,600</u>	<u>520,945</u>	<u>0.02508%</u>	<u>0.02492%</u>	<u>0.00016%</u>
	<u>\$ 2,753,849</u>	<u>\$ 2,114,820</u>	<u>0.10438%</u>	<u>0.10117%</u>	<u>0.00321%</u>

Changes in actuarial assumptions and methods: The following changes in assumptions or other inputs were made that affected the measurement of the TPL.

1. The discount rate was lowered from 7.65% to 7.34%
2. The investment rate of return was lowered from 7.65% to 7.34%
3. The inflation rate was reduced from 2.75% to 2.40%

Changes in benefit terms: There have been no changes in benefit terms since the previous measurement date.

Changes in proportionate share: There were no changes between the measurement date of the collective NPL and the employer's reporting date that are expected to have a significant effect on the employer's proportionate share of the collective NPL.

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

Pension Expense: At June 30, 2020, the employer recognized \$437,825 for its proportionate share of the Plan's pension expense and recognized grant revenue of \$108,199 for the state of Montana proportionate share of the pension expense associated with the College. Additionally, the College recognized grant revenue of \$-0- from the State Statutory Appropriation from the General Fund.

As of Measurement Date	Pension Expense as of June 30, 2020
College proportionate share	\$ 437,825
State of Montana proportionate share associated with the College	108,199
	\$ 546,024

Recognition of Deferred Inflows and Outflows: At June 30, 2020, the College reported its proportionate share of the Plan's deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,773	\$ 59,821
Difference between projected and actual investment earnings	181,170	-
Changes in assumptions or other inputs	144,880	-
Changes in the employer's portion and differences between employer's contributions and the employer's proportionate contributions	98,194	-
College's contributions subsequent to the measurement date	118,998	-
Total	\$ 577,015	\$ 59,821

Amounts reported as deferred outflows of resources related to pensions resulting from the College's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2020.

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

Recognition of Deferred Inflows and Outflows (Continued):

\$118,998 reported as deferred outflows of resources related to pensions resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources to pensions will be recognized in pension expense as follows:

Measurement Year Ended June 30:	Amount of Deferred Outflows (Inflows) to be recognized as an increase or (decrease) to Pension Expense
2021	\$ 154,744
2022	134,888
2023	63,302
2024	45,262
2025	-
Thereafter	-

The Total Pension Liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions:

- Investment Return (net of admin expense) 7.34%
- General Wage Growth * 3.50%
- *Includes Inflation at 2.40%
- Admin Expense as % of Payroll 0.30%
- Merit Salary Increase 0% to 4.80%
- Mortality
 - Continuing members, service retired members, & beneficiaries: RP2000 Combined Employee and Annuitant Mortality Tables projected to 2020 with scale BB, males set back 1 year.
 - Disabled Members: RP2000 Combined Mortality Tables with no projections.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

- Post-retirement Benefit Increases
 - Guaranteed Annual Benefit Adjustment (GABA) each January
 - After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit.
 - Members hired prior to July 1, 2007 3.0%
 - Members hired between July 1, 2007 & June 30, 2013 1.5%
 - Members hired on or after July 1, 2013
 - For each year PERS is funded at or above 90% 1.5%
 - The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%.
 - 0% whenever the amortization period for PERS is 40 years or more.

The most recent experience study, performed for the period covering fiscal years 2011 through 2016, is outlined in a report dated May 5, 2017, and can be located on the MPERA website. The long-term expected return on pension plan assets is reviewed as part of the regular experience studies prepared for the Plan. Several factors are considered in evaluating the long-term rate of return assumption including historical rates of return, rate of return assumptions adopted by similar public-sector systems, and by 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 were 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.

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the target allocation as of June 30, 2018, are summarized in the table below:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash Equivalents	2.00%	0.11%
Domestic Equity	30.00%	6.19%
International Equity	16.00%	6.92%
Private Investments	14.00%	10.37%
Natural Resources	4.00%	3.43%
Real Estate	9.00%	5.74%
Core Fixed Income	20.00%	1.57%
Non-Core Fixed Income	5.00%	3.97%
	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the TPL was 7.34%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and nonemployer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under the Montana Code Annotated. The state contributed 0.10% of the salaries paid by local governments and 0.37% paid by school districts. In addition, the state contributed a statutory appropriation from the general fund. Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2121. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate: The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the liability. The NPL was calculated using the discount rate of 7.65%, as well as what the NPL would be if it was calculated using a discount rate 1.00% lower or 1.00% higher than the current rate.

	<u>1% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
Net pension liability	<u>\$ 2,879,857</u>	<u>\$ 2,092,249</u>	<u>\$ 1,430,664</u>

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 8. RETIREMENT PLANS (CONTINUED)

Public Employees' Retirement System (Continued)

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

Pension plan fiduciary net position: The stand-alone financial statements (76d) of the Montana Public Employees Retirement Board (PERB) *Annual Comprehensive Financial Report* (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The PERB is available at PO Box 200131, Helena MT 59620-0131, (406) 444-3154 or both are available on the MPERA website at <http://mpera.mt.gov/index.shtml>.

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

Montana State law requires state agencies to provide access to health insurance benefits to eligible retirees up to Medicare-eligible age (65) (Sec. 2-18-704(a)(a), MCA). The Board of Regents of the Montana University System (MUS), having broad authority to act in the best interest of the MUS, has directed the Office of the Commissioner of Higher Education (OCHE) to provide access to health insurance benefits beyond age 65. Eligible College retirees may participate in the health insurance plan provided that they contribute to the cost of the plan.

The Dawson Community College Employee Health Plan participates with the Montana University System Employee Group Benefits Plan. Former employees who retire from the College and eligible dependents may continue to participate in the College's health and hospitalization plan for medical prescriptions insurance coverage.

The College subsidizes the premium rates paid by the retirees by allowing them to participate in the plan at the blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because an actuarial basis, their current and future claims, are expected to result in higher costs to the plan on average than those of active employees.

Retirees who are eligible to receive retirement benefits from TRS or PERS at the time employment ceases may participate in the plan. Retirees who are in the Optional Retirement Plan (ORP) (through TIAA-CREF) or any other defined contribution plan associated with the MUS must have worked five or more years and be age 50, or have worked 25 years with the MUS to be eligible for retiree benefits.

The MUS Group Benefits Plan does not issue a stand-alone financial report, but is subject to audit as part of the State of Montana's Basic Financial Statements, included in the Annual Comprehensive Financial Report (ACFR). A copy of the most recent ACFR can be obtained online at <http://sfsd.mt.gov/SAB/cafr> or by contacting the Montana Department of Administration, PO Box 200102, Helena, MT 59620-0102.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Plan Description (Continued)

At December 31, 2020 (the census date), the number of active College participants in the health insurance plan was 48. The total number of inactive (retiree and dependent) participants was 27. The College does not contribute to the plan for retirees or their dependents.

Funding Policy

The plan is considered to be a multi-employer agent plan. All units of the MUS fund the postemployment benefits on a pay-as-you-go basis from general assets. The College's other post-employment benefit (OPEB) consists of the above described post-employment healthcare benefits. The College's annual OPEB consists of an implied rate subsidy since retirees and current employees are in the same plan, as well as a cost for future benefits of current employees. The College's policy at this time is to not fund the OPEB obligation.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions above the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

The College annual OPEB liability of \$550,150 was measured as of March 31, 2021, and was determined by an actuarial valuation as of December 31, 2020.

Actuarial Methods and Assumptions:

The total OPEB liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

- Discount rate is 2.23%
- Projected payroll increases 2.50%
- The discount rate was based on the average of multiple 3/31/2021 municipal bond rate sources.
- For TRS and MUS-RP, healthy mortality is assumed to follow the RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years for males, set back two years for females, with mortality improvements projected by Scale BB to 2018. For all other groups, healthy mortality is assumed to follow the RP2000 Combined Mortality Table with improvements projected by Scale BB to 2020, setback one year for males.

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funding Policy (Continued)

Actuarial Methods and Assumptions (Continued):

- For TRS and MUS-RP, disabled mortality is assumed to follow the RP2000 Disabled Mortality Table, set forward one year for males and set forward five years for females, with mortality improvements projected by Scale BB to 2018. For all other groups, disabled mortality is assumed to follow the RP2000 Combined Mortality Table with no projections.

Changes Since Prior Valuation:

- Interest/discount rate based on the average of multiple 3/31/2021 municipal bond rate sources.

Changes in the total OPEB liability for the year ended June 30, 2021, are as follows:

Balance as of June 30, 2020	\$ <u>277,682</u>
Changes for the year:	
Service cost	12,358
Interest	7,974
Differences between expected and actual experience	(208,525)
Changes of assumptions or other inputs	460,797
Contributions	-
Benefit payments, including refunds of employee contributions	(136)
Implicit rate subsidy fulfilled	<u>-</u>
Net change	<u>272,468</u>
Balance as of June 30, 2021	\$ <u>550,150</u>

For the year ended June 30, 2021, the College recognized OPEB expense of \$272,468. At June 30, 2021, the College reported deferred outflows of resources of \$520,588 and deferred inflows of resources of \$473,302.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (1.23%)	Discount Rate (2.23%)	1% Increase (3.23%)
Total OPEB Liability	\$ <u>686,117</u>	\$ <u>550,150</u>	\$ <u>447,212</u>

DAWSON COMMUNITY COLLEGE
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2021

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funding Policy (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate:

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it was calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate:

	1% Decrease (5.00%)	Healthcare Cost Trend Rate (6.00%)	1% Increase (7.00%)
Total OPEB Liability	\$ 449,561	\$ 550,150	\$ 685,136

For the year ended June 30, 2021, the College reported net deferred outflows of resources related to OPEB from the following sources:

Type of Cash Flow	Outflow/(Inflow)
Balance as of June 30, 2020	\$ (221,130)
Current year amortization of experience differences	(208,525)
Current year amortization of assumption changes	16,144
Changes of assumptions or other inputs	460,797
Total deferred cash flow, net as of June 30, 2021	\$ 47,286

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2022	\$ 19,963
2023	19,963
2024	19,963
2025	19,963
2026	19,963
Thereafter	(52,529)
	\$ 47,286

NOTE 10. OPERATING LEASE OBLIGATIONS

Effective August 1, 2020, the College entered a lease to rent an arena for the rodeo teams' use for six months during the 2020-2021 school year. During the year ended June 30, 2021, rental expense under the lease obligation was \$15,000.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 11. COMPONENT UNIT – DAWSON COLLEGE FOUNDATION, INC.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Revenues and expenses are recognized when earned or incurred. The financial statements reflect net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are reported as part of net assets without donor restrictions.

Contributions to the Foundation are recognized when the donor makes a promise to give to the Foundation that is in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions.

Change in Accounting Policy

On June 21, 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) subject to Subtopic 958-605 or as exchange (reciprocal) transactions subject to Accounting Standards Codification 606 and (2) determining whether a transaction is conditional, which affects the timing of the revenue recognized. The Foundation has applied the amendments in this ASU on a modified prospective basis. There was no change on opening balances of net assets and no prior period results were restated. The amendments in this ASU also apply to both resources received by a recipient and resources given by a resource provider. Note that for transactions in which the Foundation serves as a resource provider, the effective date for the amendments in ASU 2018-0 are effective for fiscal years beginning after December 15, 2019, and was implemented for fiscal year ended October 31, 2020.

Investments

The Foundation's investments consist of equity securities, debt securities, and certificates of deposit as follows. All investments are categorized as Level 1 and are valued based on prices quoted in active markets for those investments.

Equity securities	\$ 1,308,567
Debt securities	128,658
Certificates of deposit	<u>158,640</u>
Total investments	<u>\$ 1,595,865</u>

Endowment

The Foundation's endowment consists of individual endowments established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 11. COMPONENT UNIT – DAWSON COLLEGE FOUNDATION, INC.
(CONTINUED)

Endowment (Continued)

The Foundation's goal for its endowments is to provide a real rate of return (total return minus investment expenses, and administration fees) sufficient, in perpetuity, the purposes of the various endowments. The endowment spending allowance policy is also structured to help maintain the endowments in perpetuity, preserve their purchasing power, and stabilize the flow of support for the purposes of the respective endowments. The spending allowance for each endowment in the year ended October 31, 2020, was limited to the unexpended accumulated earnings or return (both realized and unrealized) of the respective endowment, unless otherwise provided by the donor.

NOTE 12. RISK MANAGEMENT

The College faces a considerable number of risks of loss, including a) damage to and loss of property and contents, b) employee torts, c) professional liability, i.e., errors and omissions, d) environmental damage, and e) workers' compensation, i.e., employee injuries. A variety of methods is used to provide insurance for these risks. Commercial policies, transferring all risks of loss, except for relatively small deductible amounts, are purchased for property and content damage, employee torts, and professional liabilities. Coverage limits and the deductibles on the commercial policies have stayed relatively constant for the last several years, except for property and content coverage where the guaranteed values have been increased to approximate replacement cost of the assets. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 13. CONTINGENT LIABILITIES AND COMMITMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the grantor cannot be determined at this time although the College expects such amounts, if any, to be immaterial.

NOTE 14. PRIOR PERIOD ADJUSTMENT

Beginning net position of the College as of June 30, 2020, was restated for a prior period adjustment. Net position was decreased by \$196,637 for donations received in fiscal year 2020, erroneously recorded in fiscal year 2021.

DAWSON COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021

NOTE 15. SUBSEQUENT EVENTS

Management has evaluated the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments to and/or disclosure within the audited financial statements for the year ended June 30, 2021. Management has performed this evaluation through (report date), the date the financial statements were available to be issued, and has noted no items that require adjustment and/or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

DAWSON COMMUNITY COLLEGE
SCHEDULE OF CHANGES IN THE COLLEGE'S NET OPEB LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS*
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 12,358	\$ 12,309	\$ 14,894	\$ 23,198
Interest	7,974	12,903	10,301	16,425
Differences between expected and actual experience	(208,525)	(200,890)	9,351	(2,273)
Changes of assumptions or other inputs	460,797	(18,070)	-	-
Benefit payments, including refunds of employee contributions	<u>(136)</u>	<u>14,532</u>	<u>(6,114)</u>	<u>(7,914)</u>
Net changes in total OPEB liability	272,468	(179,216)	28,432	29,436
Total OPEB liability, beginning of year	<u>277,682</u>	<u>456,898</u>	<u>428,466</u>	<u>399,030</u>
Total OPEB liability, end of year	<u>\$ 550,150</u>	<u>\$ 277,682</u>	<u>\$ 456,898</u>	<u>\$ 428,466</u>
Covered employee payroll	<u>\$ 3,182,169</u>	<u>\$ 3,298,459</u>	<u>\$ 3,130,413</u>	<u>\$ 4,841,117</u>
Total OPEB liability as a percentage of covered employee payroll	<u>17.29%</u>	<u>8.42%</u>	<u>14.60%</u>	<u>8.85%</u>

* GASB Statement No. 75 required ten years of information to be presented in the table. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

DAWSON COMMUNITY COLLEGE
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS*
June 30, 2021

Teachers' Retirement System of Montana

	Measurement date as of June 30,						
	2021	2020	2019	2018	2017	2016	2015
Employer's proportionate share of the net pension liability	0.0918%	0.0852%	0.0807%	0.0624%	0.0903%	0.1064%	0.1075%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 2,064,195	\$ 1,642,673	\$ 1,497,143	\$ 1,052,518	\$ 1,649,637	\$ 1,748,471	\$ 1,653,808
State of Montana's proportionate share of the net pension liability associated with the Employer	<u>1,219,191</u>	<u>995,692</u>	<u>934,939</u>	<u>668,304</u>	<u>1,078,027</u>	<u>1,177,834</u>	<u>1,135,292</u>
Total	<u>\$ 3,283,386</u>	<u>\$ 2,638,365</u>	<u>\$ 2,432,082</u>	<u>\$ 1,720,822</u>	<u>\$ 2,727,664</u>	<u>\$ 2,926,305</u>	<u>\$ 2,789,100</u>
Employer's covered payroll	\$ 1,263,075	\$ 1,156,407	\$ 1,077,386	\$ 823,091	\$ 1,172,117	\$ 1,358,278	\$ 1,355,289
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	163.43%	142.05%	138.96%	127.87%	140.74%	128.73%	122.03%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	68.64%	69.09%	70.09%	66.69%	69.03%	70.36%

Public Employees' Retirement System of Montana

	Measurement date as of June 30,						
	2020	2019	2018	2017	2016	2015	2014
Employer's proportionate share of the net pension liability	0.0793%	0.0763%	0.0602%	0.0693%	0.0647%	0.0654%	0.0651%
Employer's proportionate share of the net pension liability associated with the Employer	\$ 2,092,249	\$ 1,593,875	\$ 1,256,285	\$ 1,349,461	\$ 1,102,418	\$ 913,989	\$ 811,511
State of Montana's proportionate share of the net pension liability associated with the Employer	<u>661,600</u>	<u>520,945</u>	<u>423,246</u>	<u>20,585</u>	<u>13,470</u>	<u>11,227</u>	<u>9,910</u>
Total	<u>\$ 2,753,849</u>	<u>\$ 2,114,820</u>	<u>\$ 1,679,531</u>	<u>\$ 1,370,046</u>	<u>\$ 1,115,888</u>	<u>\$ 925,216</u>	<u>\$ 821,421</u>
Employer's covered payroll	\$ 1,330,616	\$ 1,258,120	\$ 1,037,858	\$ 875,498	\$ 775,241	\$ 763,048	\$ 737,256
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	157.24%	126.69%	121.05%	154.14%	142.20%	119.78%	110.07%
Plan fiduciary net position as a percentage of the total pension liability	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%	79.87%

* GASB Statement No. 68 required ten years of information to be presented in the table. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

DAWSON COMMUNITY COLLEGE
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
LAST TEN FISCAL YEARS*
June 30, 2021

Teachers' Retirement System of Montana

	Fiscal year-end as of June 30,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 121,471	\$ 115,202	\$ 203,037	\$ 96,443	\$ 130,953	\$ 138,615	\$ 159,752
Contributions in relation to the contractually required contribution	\$ 121,471	\$ 115,202	\$ 203,037	\$ 96,443	\$ 130,953	\$ 138,615	\$ 159,752
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 1,321,957	\$ 1,263,075	\$ 1,156,407	\$ 1,077,386	\$ 823,091	\$ 1,172,117	\$ 1,358,278
Contributions as a percentage of the covered-employee payroll	9.19%	9.12%	17.56%	8.95%	15.91%	11.83%	11.76%

Public Employees' Retirement System of Montana

	Fiscal year-end as of June 30,						
	2021	2020	2019	2018	2017	2016	2015
Contractually required DB contributions	\$ 118,998	\$ 116,580	\$ 108,207	\$ 83,843	\$ 71,943	\$ 64,799	\$ 62,878
Plan choice rate required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,649	\$ 6,112
Contributions in relation to the contractually required contributions	\$ 118,998	\$ 116,580	\$ 108,207	\$ 83,843	\$ 71,943	\$ 72,448	\$ 68,990
Contribution (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered - employee payroll	\$ 1,356,878	\$ 1,330,616	\$ 1,258,120	\$ 1,037,858	\$ 875,498	\$ 775,241	\$ 763,048
Contributions as a percentage of the covered-employee payroll	8.77%	8.76%	8.60%	8.08%	8.22%	9.35%	9.04%

* GASB Statement No. 68 required ten years of information to be presented in the table. However, until a full 10-year trend is compiled, the College will present information for those years for which information is available.

DAWSON COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021

NOTE 1. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Change in assumptions: There were no changes in assumptions or other inputs. However, see Note 9 for the change in discount rates used in the valuation of the ending Total OPEB Liability.

NOTE 2. RETIREMENT PLANS

Changes of Benefit Terms

The following changes to the plan provision were made as identified:

TRS

The 2013 Montana Legislature passed HB377 which provides additional revenue and created a two tier benefit structure. A Tier One Member is a person who first became a member before July 1, 2013 and has not withdrawn their member's account balance. A Tier Two Member is a person who first becomes a member on or after July 1, 2013 or after withdrawing their member's account balance, becomes a member again on or after July 1, 2013.

The second tier benefit structure for members hired on or after July 1, 2013 is summarized below:

- (1) **Final Average Compensation:** Average of earned compensation paid in five consecutive years of full-time service that yields the highest average.
- (2) **Service Retirement:** Eligible to receive a service retirement benefit if the member has been credited with at least five full years of creditable service and has attained the age of 60; or has been credited with 30 or more years of full-time or part-time creditable service and has attained age 55.
- (3) **Early Retirement:** Eligible to receive an early retirement allowance if a member is not eligible for service retirement but has at least five years of creditable service and attained age 55.
- (4) **Professional Retirement Option:** If the member has been credited with 30 or more years of service and has attained the age of 60 they are eligible for an enhanced allowance equal to 1.85% of average final compensation times all service at retirement. Otherwise, the multiplier used to calculate the retirement allowance will be equal to 1.67%.
- (5) **Annual Contribution:** 8.15% of member's earned compensation.

DAWSON COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year Ended June 30, 2021

NOTE 2. RETIREMENT PLANS (CONTINUED)

TRS (Continued)

- (6) **Supplemental Contribution Rate:** On or after July 1, 2023, the TRS Board may require a supplemental contribution up to 0.5% if the following three conditions are met:
- a. The average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80%; and
 - b. The period necessary to amortize all liabilities of the System based on the latest annual actuarial valuation is greater than 20 years; and
 - c. A State or employer contribution rate increase or a flat dollar contribution to the Retirement System Trust fund has been enacted that is equivalent to or greater than the supplemental contribution rate imposed by the TRS Board.
- (7) **Disability Retirement:** A member will not be eligible for a disability retirement if the member is or will be eligible for a service retirement on the date of termination.
- (8) **Guaranteed Annual Benefit Adjustment (GABA):**
- a. If the most recent actuarial valuation shows that Retirement System liabilities are at least 90% funded and the provision of the increase is not projected to cause the System's liabilities to be less than 85% funded, the GABA may increase from the 0.5% floor up to 1.5%, as set by the Board.

HB 377 increased revenue from the members, employers and the State as follows:

- Annual State contribution equal to \$25 million paid to the System in monthly installments.
- One-time contribution payable to the Retirement System by the trustees of a school district maintaining a retirement fund. The one-time contribution to the Retirement System shall be the amount earmarked as an operating reserve in excess of 20% of the adopted retirement fund budget for the fiscal year 2013. The amount received was \$22 million in FY2014.
- 1% supplemental employer contribution. This will increase the current employer rates:
 - School Districts contributions will increase from 7.47% to 8.47%.
 - The Montana University System and State Agencies will increase from 9.85% to 10.85%.
 - The supplemental employer contribution will increase by 0.1% each fiscal year for fiscal year 2014 through fiscal year 2024. Fiscal years beginning after June 30, 2024 the total supplemental employer contribution will be equal to 2%.
- Members hired prior to July 1, 2013 (Tier 1) under HB 377 are required to contribute a supplemental contribution equal to an additional 1% of the member's earned compensation.
- Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position to the System.

DAWSON COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year Ended June 30, 2021

NOTE 2. RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Changes in actuarial assumptions and other inputs:

The following changes to the actuarial assumptions were adopted in 2020:

- The discount rate was lowered from 7.50% to 7.34%.
- The investment rate of return assumption was lowered from 7.50% to 7.34%.
- The inflation rate was reduced from 2.50% to 2.40%.

The following changes to the actuarial assumptions were adopted in 2019:

- The Guaranteed Annual Benefit Adjustment (GABA) for Tier Two members is a variable rate between 0.50% and 1.50% as determined by the Board. Since an increase in the amount of the GABA is not automatic and must be approved by the Board, the assumed increase was lowered from 1.50% to the current rate of 0.50% per annum.

The following changes to the actuarial assumptions were adopted in 2018:

- Assumed rate of inflation was reduced from 3.25% to 2.50%
- Payroll growth assumption was reduced from 4.00% to 3.25%
- Investment return assumption was reduced from 7.75% to 7.50%.
- Wage growth assumption was reduced from 4.00% to 3.25%
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years. The tables include margins for mortality improvement which is expected to occur in the future.
- Mortality among disabled members was updated to the following:
 - For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022.
 - For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022.
- Retirement rates were updated.
- Termination rates were updated.
- Rates of salary increases were updated.

DAWSON COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year Ended June 30, 2021

NOTE 2. RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Changes in actuarial assumptions and other inputs (Continued):

The following changes to the actuarial assumptions were adopted in 2016:

- The normal cost method has been updated to align the calculation of the projected compensation and the total present value of plan benefits so that the normal cost rate reflects the most appropriate allocation of plan costs over future compensation.

The following changes to the actuarial assumptions were adopted in 2015:

- Correctly reflect the proportion of members that are assumed to take a refund of contributions upon termination and appropriately reflect the three year COLA deferral period for Tier 2 Members.
- The 0.63% load applied to the projected retirement benefits of the university members “to account for larger than average annual compensation increases observed in the years immediately preceding retirement” is not applied to benefits expected to be paid to university members on account of death, disability and termination (prior to retirement eligibility).
- The actuarial valuation was updated to reflect the assumed rate of retirement for university members at age 90. 8.50% as stated in the actuarial valuation report.
- The actuarial valuation was updated to reflect the fact that vested termination are only covered by the \$500 death benefit for the one year following their termination and, once again when the terminated member commences their deferred retirement annuity (they are not covered during the deferral period). Additionally, only the portion of the terminated members that are assumed to “retain membership in the System” are covered by the \$500 death benefit after termination.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.
 - For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.

DAWSON COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year Ended June 30, 2021

NOTE 2. RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Changes in actuarial assumptions and other inputs (Continued):

- Mortality among disabled members was update to the following:
 - For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvement projected by Scale BB to 2018.
 - For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvement projected by Scale BB to 2018.

The following changes to the actuarial assumptions were adopted in 2014:

- Assumed rate of inflation was reduced from 3.50% to 3.25%
- Payroll Growth Assumption was reduced from 4.50% to 4.00%
- Assumed real wage growth was reduced from 1.00% to 0.75%
- Investment return assumption was changed from net of investment and administrative expenses to net of investment expenses only.
- Mortality among contributing members, service retired members, and beneficiaries was updated to the following:
 - For Males: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back four years, with mortality improvements projected by Scale BB to 2018.
 - For Females: RP 2000 Healthy Annuitant Mortality Table for ages 50 and above and the RP 2000 Combined Healthy Annuitant Mortality Table for ages below 50, set back two years, with mortality improvements projected by Scale BB to 2018.
- Mortality among disabled members was updated to the following:
 - For Males: RP 2000 Disabled Mortality Table for Males, set forward one year, with mortality improvements projected by Scale BB to 2018.
 - For Females: RP 2000 Disabled Mortality Table for Females, set forward five years, with mortality improvements projected by Scale BB to 2018.

DAWSON COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year Ended June 30, 2021

NOTE 2. RETIREMENT PLANS (CONTINUED)

TRS (Continued)

Methods and Assumptions used in Calculations of Actuarially Determined Contributions:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, open
Remaining amortization period	29 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25% to 7.76%, including inflation for Non-University Members and 4.25 % for University Members;
Investment rate of return	7.50%, net of pension plan investment expense, and including inflation

PERS

Changes of Benefit Terms:

The following changes to the plan provision were made as identified:

2017:

Working Retiree Limitations – for PERS

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds

- Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
- Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
- Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Interest Credited to Member Accounts

Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.

Lump-Sum Payouts

Effective July 1, 2017, lump-sum payouts in all systems are limited to the member's accumulated contributions rate than the present value of the member's benefit.

DAWSON COMMUNITY COLLEGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
Year Ended June 30, 2021

NOTE 2. RETIREMENT PLANS (CONTINUED)

PERS (Continued)

Disabled PERS Defined Contribution (DC) Members

PERS members hired after July 1, 2011 have a normal retirement age of 65. PERS DC members hired after July 1, 2011 who became disabled were previously only eligible for a disability benefit until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011 who have a normal retirement age of 60 and are eligible for a disability benefit until age 65.

Changes in Actuarial Assumptions and Methods

Method and assumptions used in calculations of actuarially determined contributions

The following Actuarial Assumptions were adopted from the June 2019 actuarial valuation:

General Wage Growth*	3.50%
Investment Rate of Return*	7.65%
*Includes inflation at	2.75%
Merit salary increases	0% to 8.74%
Asset valuation method	4-year smoothed market
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Mortality (Healthy members)	For Males and Females: RP 2000 Combined Employee and Annuitant Mortality Table projected to 2020 using Scale BB, males set back 1 year
Mortality (Disabled members)	For Males and Females: RP 2000 Combined Mortality Table, with no projections
Admin Expense as % of Payroll	0.30%

Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

SUPPLEMENTARY INFORMATION

DAWSON COMMUNITY COLLEGE
STUDENT FINANCIAL AID
MODIFIED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For the Year Ended June 30, 2021

	Pell	Perkins	College Work Study	Supplemental Education Opportunity Grant
ASSETS				
Beginning cash balance	\$ 14,010	\$ 21,700	\$ 29,410	\$ (262)
Additions				
Federal advances	353,908	-	6,292	48,399
State matching funds	-	-	4,195	-
Interest collected	-	-	-	-
Principal collected	-	466	-	-
Total additions	353,908	466	10,487	48,399
Deductions				
Distribution to students	544,095	-	13,717	41,916
Other:	793	1,476	-	584
Total deductions	544,888	1,476	13,717	42,500
Reconciling items				
Net change in accounts receivable	54,664	-	-	-
Net change to cash	(136,316)	(1,010)	(3,230)	5,899
Ending cash balance	\$ (122,306)	\$ 20,690	\$ 26,180	\$ 5,637

DAWSON COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES
STUDENT FINANCIAL ASSISTANCE PROGRAMS
For the Year Ended June 30, 2021

Perkins Loan Program	
Student loan advances	\$ <u> -</u>
College Work Study	
Wages	\$ <u> 13,717</u>
Supplemental Education Opportunity Grant	
Student grants	\$ <u> 41,916</u>
Pell Grant Program	
Student grants	\$ <u> 544,095</u>

DAWSON COMMUNITY COLLEGE
SCHEDULE OF FULL TIME EQUIVALENT
For the Year Ended June 30, 2021

Semester	Resident	Western Undergraduate Exchange	Nonresident	Total
2021				
Summer 2020	54.0	2.0	4.0	60.0
Fall 2020	209.0	37.0	84.0	330.0
Spring 2021	236.0	40.0	107.0	383.0
	499.0	79.0	195.0	773.0

DAWSON COMMUNITY COLLEGE
FUNCTIONAL CLASSIFICATION OF OPERATING EXPENSES
For the Year Ended June 30, 2021

	Instruction	Academic Support	Student Services	Institutional Support	Scholarships and Fellowships	Operations and Maintenance of Plant	Auxiliary	Total
Salaries	\$ 1,349,953	\$ 78,944	\$ 680,785	\$ 705,793	\$ -	\$ 421,141	\$ 226,268	\$ 3,462,884
Employee benefits	482,328	31,482	282,216	1,072,729	-	140,194	95,162	2,104,111
Travel	36,889	579	238,716	42,691	-	105	7,639	326,619
Supplies	156,908	1,018	105,374	86,890	-	83,697	366,545	800,432
Contracted services	262,355	-	190,021	247,650	-	53,246	280,023	1,033,295
Repairs and maintenance	30,257	-	13,369	25,721	-	39,871	3,605	112,823
Utilities	382	-	7,066	447	-	132,113	63,781	203,789
Communications	9,672	-	7,806	67,860	-	63,478	21,199	170,015
Scholarships and grants	104,174	-	17,531	-	1,116,580	-	-	1,238,285
Other operating expenses	234,437	17,665	89,874	206,574	2,853	1,794	153,491	706,688
Depreciation expense	-	-	-	-	-	382,131	-	382,131
	<u>\$ 2,667,355</u>	<u>\$ 129,688</u>	<u>\$ 1,632,758</u>	<u>\$ 2,456,355</u>	<u>\$ 1,119,433</u>	<u>\$ 1,317,770</u>	<u>\$ 1,217,713</u>	<u>\$ 10,541,072</u>