Grand Rapids Community College

Financial Report

with Supplemental Information

June 30, 2018

Contents

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Independent Auditor's Report

To the Board of Trustees
Grand Rapids Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Rapids Community College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2018 and 2017 and the related notes to the financial statements, which collectively comprise Grand Rapids Community College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Grand Rapids Community College and its discretely presented component unit as of June 30, 2018 and 2017 and the respective changes in its financial position and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2017, the College adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

To the Board of Trustees
Grand Rapids Community College

Other Matters

Required Supplemental Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018 on our consideration of Grand Rapids Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Rapids Community College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 15, 2018

The discussion and analysis of Grand Rapids Community College's (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2018, 2017, and 2016. Management has prepared the financial statements and the related note disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's administration.

Using this Report

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. These financial statements are prepared under the accrual basis of accounting, whereby revenue and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Capital expenditures are recorded as assets on the statement of net assets and depreciated over their estimated useful lives.

Activities are reported as either operating or nonoperating in accordance with GASB Statement No. 35. Charges for services are recorded as operating revenue. Essentially all other types of revenue, including state appropriations and property tax levies, are nonoperating. A public community college's reliance on state funding and local property taxes will result in reporting an operating deficit.

The Grand Rapids Community College Foundation (the "Foundation") is a private nonprofit tax-exempt organization formed for the purpose of receiving funds for the sole benefit of the College. Based on the criteria set forth in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and amended in GASB Statement No. 61, the Foundation is considered a component unit of Grand Rapids Community College. Accordingly, the activity and financial position of the Foundation have been discretely presented within the College's in the accompanying financial statements.

This annual financial report complies with the above requirements and includes this management's discussion and analysis, the report of independent auditors, the financial statements, notes to financial statements, and additional information similar to commercial enterprises and private-sector institutions.

Over time, increases or decreases in net position provide one indication of the financial health of an organization. To assess the overall health of the College, many other nonfinancial factors need to be considered, such as trends in enrollment, condition of facilities, attention to workforce needs, success of students and graduates, and the strength of the faculty and staff.

Statement of Net Position

One of the most important questions asked about the College's finances is, "Is Grand Rapids Community College as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenue, expenses, and changes in net position report information on the College as a whole and on its activities in a way that helps answer this question. When revenue and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenue and expenses may be thought of as the College's operating results.

The following are the major components of assets, liabilities, and net position (in thousands) for the College as of June 30:

Statement of Financial Position at June 30 (in thousands)

	2018	2017	2016
Assets			
Current assets	$ 45,161	$ 57,323	$ 50,311
Noncurrent assets:			
Capital assets - Net of depreciation	144,367	146,536	137,033
Investments and other long-term assets	31,573	14,390	14,353
Total assets	221,101	218,249	201,697
Deferred Outflow of Resources	32,107	17,420	15,329
Liabilities			
Current liabilities	24,738	24,206	27,675
Noncurrent liabilities:			
Long-term debt	39,065	46,830	52,350
Net OPEB liability	50,753	-	-
Net pension liability	148,436	148,003	145,842
Total liabilities	262,992	219,039	225,867
Deferred Inflow of Resources	21,008	7,499	7,332
Net Position			
Net investment in capital assets	104,060	99,209	85,811
Unrestricted (deficit)	(134,851)	(90,078)	(101,984)
Total net position	**$ (30,791)**	**$ 9,131**	**$ (16,173)**

Current assets are comprised primarily of cash and cash equivalents, which total $37.8, $49.3, and $42.5 million for 2018, 2017, and 2016, respectively. The fluctuation is due to year-to-year timing differences. These funds will be used primarily for operating purposes and, accordingly, are invested to provide greater liquidity. Receivables resulting from tuition and fees, student loans, and federal, state, and local grants and appropriations ($6.9, $7.7, and $7.6 million for 2018, 2017, and 2016, respectively) represent the majority of the remainder of current assets. Changes in these amounts are due largely to changes in enrollment levels as well as the timing of actual receipts from grantors and students relative to recognition of revenue or, in the case of grant programs, funds expended for allowable grant purposes.

Noncurrent assets primarily represent investments with long-term maturity dates, college investments of net assets not needed to meet current cash flow obligations and/or designated for future capital projects, as well as the College's investment in its capital assets, net of accumulated depreciation. Long term investments increased $17.2 from 2018 to 2017 as the College maximized interest earnings on funds that will be used to fund future renovations and deferred maintenance.

Current liabilities are comprised primarily of employee compensation and vendor payments, representing 40 percent, 42 percent, and 50 percent of current liabilities for 2018, 2017, and 2016, respectively. The individual dollar amounts will fluctuate from year to year based on timing of payments to contractors and vendors, timing of pay dates, and the remittance of retirement payments to Michigan Public School Employees' Retirement System (MPSERS). Bond, capital lease, and interest payments due in November and May of the subsequent fiscal year accounted for another 35 percent, 33 percent, and 29 percent of current liabilities for 2018, 2017, and 2016, respectively. Student tuition and fee revenue for the portion of the summer session occurring after June 30 of the applicable fiscal year represents the balance of current liabilities.

Noncurrent liabilities include future payments (beyond June 30, 2019) on capital bond debt and leases referenced above, as well as accruals for employee leaves based on current contract parameters and retirement guidelines established by the State of Michigan that are not expected to be paid in the next year. These liabilities decreased from $52.3 million in 2016 to $46.8 million in 2017 to $38.8 million in 2018 due to the scheduled retirement of bond debt and capital lease obligations.

In 2015, the College adopted a new Governmental Accounting Standards Board (GASB) Statement No. 68, which requires governments providing defined pension benefits through a cost-sharing plan to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. In 2018, the College adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which requires governments providing other postemployment benefit (OPEB) plans to recognize their unfunded OPEB obligation as a liability for the first time. In accordance with these statements, the College has reported net pension liability of $148.4 million at June 30, 2018, $148.0 million at June 30, 2017, and $145.8 million at June 30, 2016 and a net OPEB liability of $50.8 million at June 30, 2018. The net OPEB liability was not provided from the cost sharing plan for the years ended June 30, 2017 and 2016. In accordance with the statement, the College is also required to report deferred outflows and deferred inflows. Deferred outflows are $32.1 million as of June 30, 2018, $17.4 million as of June 30, 2017, and $15.3 million as of June 30, 2016. Deferred inflows are $21.0 million as of June 30, 2018, $7.5 million as of June 30, 2017, and $7.3 million as of June 30, 2016.

Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents the operating results of the College, as well as nonoperating revenue and expenses. Annual state appropriations and property tax collections, while budgeted for operational purposes, are considered nonoperating revenue according to accounting principles generally accepted in the United States of America.

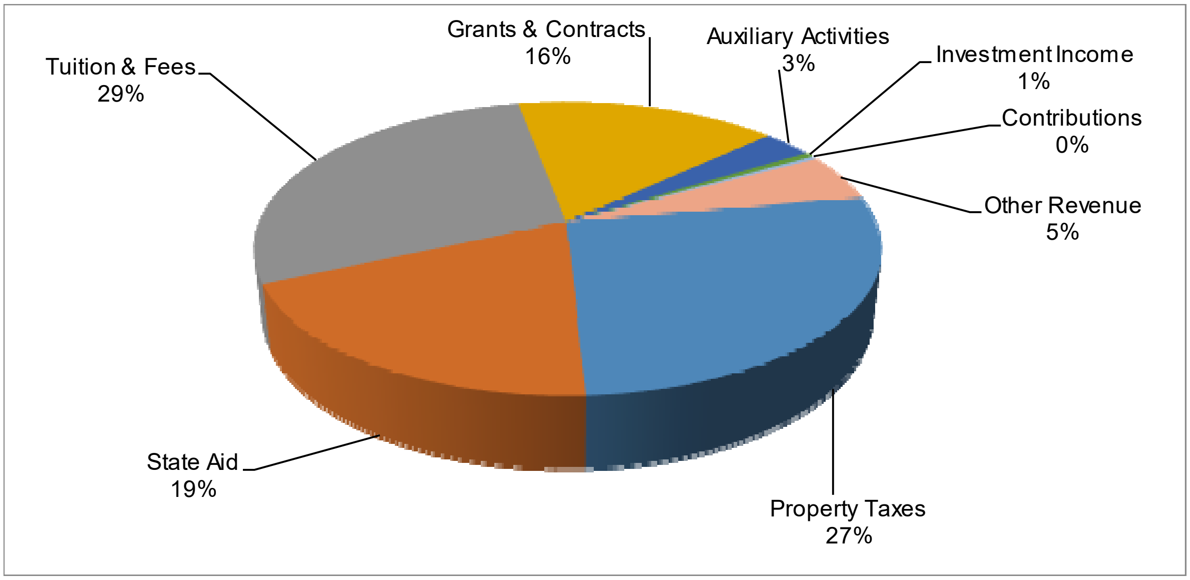
The following are the major components of the College's revenue and expenses (in thousands) for the years ended June 30:

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

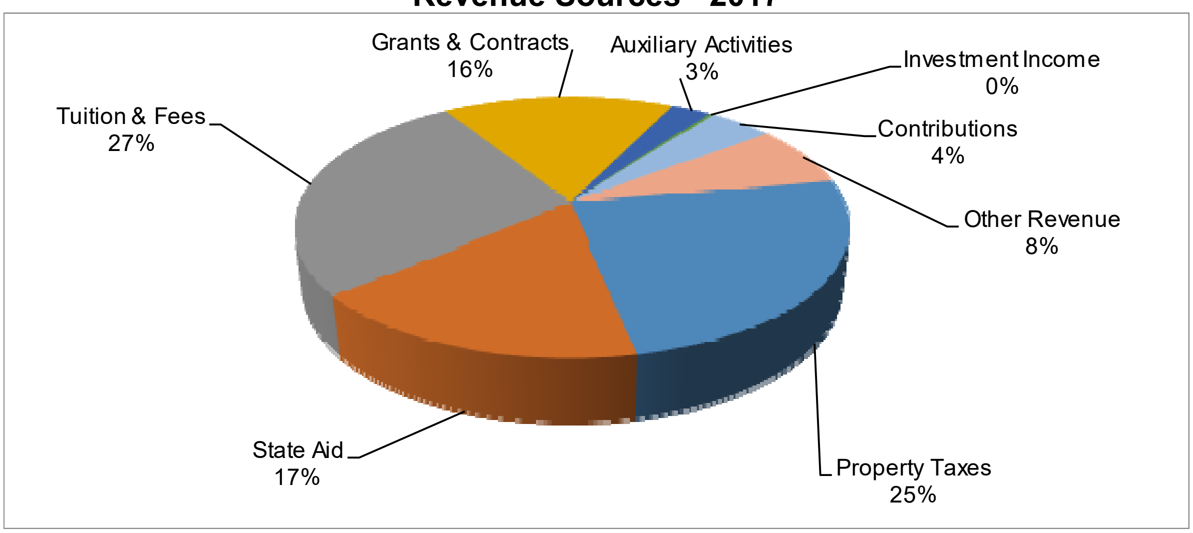
	2018	2017	2016
Operating Revenue			
Tuition and fees - Net	$ 41,630	$ 41,717	$ 40,757
Grants and contracts	6,152	9,100	6,015
Sales and services of auxiliary activities	4,458	4,131	4,165
Other sources	5,134	4,390	4,505
Total operating revenue	57,374	59,338	55,442
Operating Expenses			
Instruction	50,602	54,450	54,371
Information Technology	7,589	-	-
Public service	5,311	4,987	4,504
Instructional support	12,766	14,357	13,609
Student services	21,589	21,152	21,587
Institutional administration	12,924	13,682	13,584
Physical plant operations	13,730	12,799	12,896
Depreciation	7,418	7,256	7,272
Total operating expenses	131,929	128,683	127,823
Operating Loss	(74,555)	(69,345)	(72,381)
Nonoperating Revenue (Expenses)			
State appropriations	27,906	26,830	24,638
Property taxes	39,109	38,047	37,733
Federal Pell grant	17,175	16,049	18,087
Investment income	799	446	397
Interest expense on bonds	(1,785)	(980)	(1,308)
Contributions	497	6,850	625
Other income (loss) - Net of other revenue	2,313	7,407	(402)
Net nonoperating revenue	86,014	94,649	79,770
Increase in Net Position	11,459	25,304	7,389
Net Position - Beginning of year	9,131	(16,173)	(23,562)
Adjustment for Change in Accounting Principle	(51,381)	-	-
Net Position - End of year	**$ (30,791)**	**$ 9,131**	**$ (16,173)**

College revenue is derived from four primary sources: property taxes, student tuition and fees, grants and contracts, and state appropriations. The following graphs show the percentage of revenue from the component sources for the years ended June 30, 2018 and 2017:

Revenue Sources - 2018



Revenue Sources - 2017



Property tax revenue (27 percent, 25 percent, and 28 percent of revenue for 2018, 2017, and 2016, respectively) reflects changes in taxable values in the Kent Intermediate School District (the tax base for the College). The College is authorized to levy 1.9 mills, which the board of trustees has allocated to support operating expenditures (1.5 mills) and capital expenditures and debt retirement (.4 mills). However, the cumulative impact of the Headlee Rollback has reduced the effective levy to 1.7788 for 2018 and 1.7865 mills for 2017 and 2016.

Student tuition and fees (29 percent, 27 percent, and 30 percent of revenue for 2018, 2017, and 2016, respectively) are driven by enrollment and board-approved tuition and fee adjustments. With limited increases in state aid and property tax revenue, the College found it necessary to continue annual tuition increases in 2017 and 2016, thus placing an ever increasing share of the responsibility for funding the institution on students. However, slightly larger increases in property tax revenue in 2018 allowed the College to minimize the impact on tuition increase to students. Billing units in 2018 declined by approximately 2.2 percent from the previous year. We believe this is largely due to the improving economy and greater employment opportunities for students, as well as to generally smaller high school graduating classes. Net student tuition and fees reflects a scholarship allowance of approximately $11.5 million, $11.1 million, and $12.4 million for 2018, 2017, and 2016, respectively. This offset to tuition reflects funds the College receives, primarily through federal and state grants, which are applied to student tuition bills and are shown in the financial statements as federal and state grant revenue. The decrease in the allowance between 2017 and 2016 is due to lower enrollment levels and fewer student loans. The increase between 2018 and 2017 is due to higher Pell awards received by students.

Grants and contracts (16 percent for 2018 and 2017 and 18 percent for 2016) are primarily federal and state funding for financial aid programs. In addition, the College receives federal and state funding for economic job development grant programs, employment services, and training to work programs, among others.

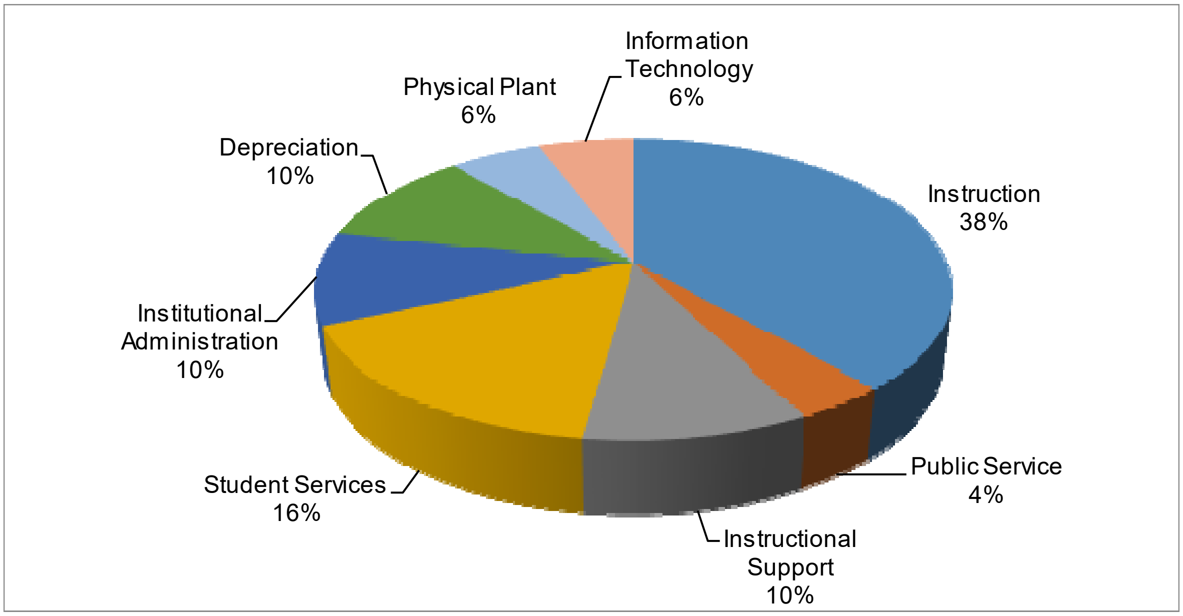
State appropriations (19 percent, 17 percent, and 18 percent of revenue for 2018, 2017, and 2016, respectively) increased due to 0.6 percent, 1.4 percent, and 1.3 percent increases in the College's operating appropriation for 2018, 2017, and 2016, respectively, as well as corresponding increases of approximately $0.1 million, $0.1 million, and $1.5 million in the appropriation specifically for the MPSERS UAAL (unfunded liability) subsidy. The MPSERS UAAL subsidy is remitted back to the State. In addition, $2.0 million and $1.7 million in personal property tax reimbursement was also allocated to state appropriations in 2018 and 2017, respectively.

The remainder of the College's revenue is derived from the following sources:

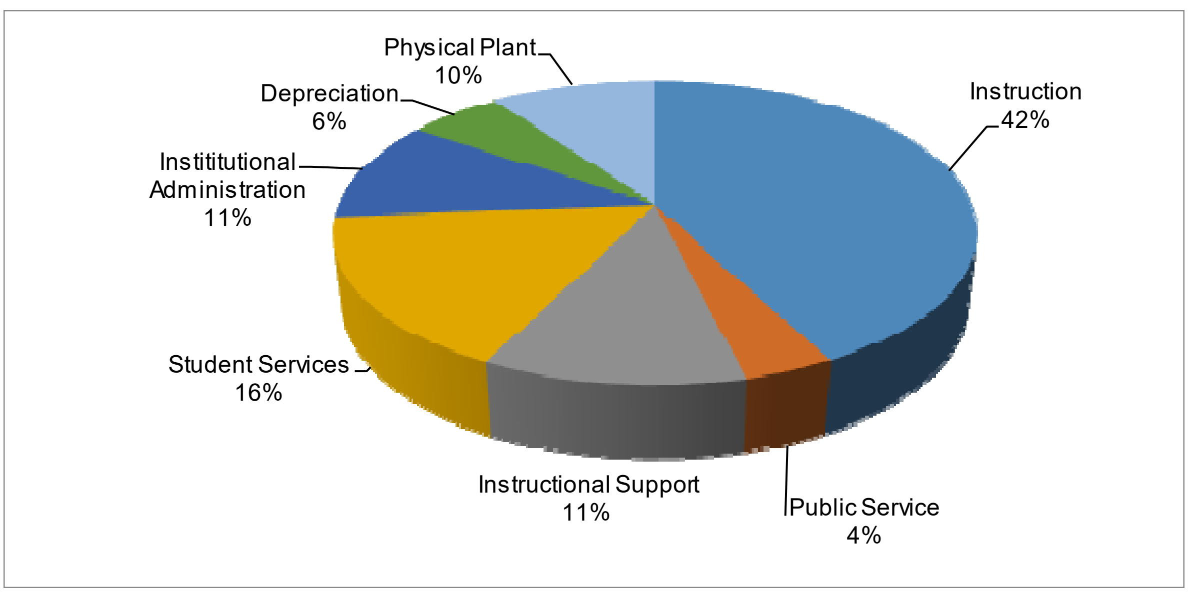
- Auxiliary activities, which include the College's parking ramps, food service, bookstore, media services, and printing operations. The day-to-day operations of the parking ramps, bookstore, and food service are managed by external providers through a variety of rental and management agreements.
- Seminars and workshops. Customized training programs for business and industry are offered through the College's Training Solutions/Job Training unit.
- Rental of college facilities.
- Contributions to the College, primarily from the Foundation for scholarships, facility improvements, and faculty/staff professional development.
- Interest and investment income. Interest income increased in 2018 due to slightly higher interest rates, the use of callable agency bonds, and effective cash management reducing the average balance in lower-earning sweep accounts. There were small unrealized (losses) gains in the investment portfolios of approximately ($45,000), ($43,000), and $33,000 in 2018, 2017, and 2016, respectively. However, since the College's practice is to hold investments until maturity, it is unlikely that any of the gains or losses will be realized.

Operating expenses are reported using functional classifications. For the years ended June 30, 2018 and 2017, the following shows the breakdown of operating expenses:

Operating Expenses - 2018



Operating Expenses - 2017



For the year ended June 30, 2018, the College changed the allocation of expenditures based on requirements from the State of Michigan's Postsecondary Data Collection. In 2018, information technology expenditures were reported in a separate category. In 2017 and 2016, these expenditures were allocated to the various other expense categories.

The College expends the largest percentage (38 percent in 2018 and 42 percent in 2017 and 2016) of its available operating dollars on instruction. Expenditures for instruction include all costs required to provide direct instruction in the classroom such as faculty salaries and fringe benefits, classroom supplies, printing supplies, and instructional equipment. Contractual compensation adjustments, fringe benefit cost increases, and equipment and technology upgrades, as well as the number of class sections delivered, all impact instructional costs. Because this expense category consists primarily of salaries, wages, and fringe benefits, it can be the most sensitive to year-to-year fluctuations in these costs.

Student services expenditures (16 percent in 2018 and 2017 and 17 percent of expenses in 2016) include support services for students such as counseling, academic advising, financial aid, registrar's, and job placement. Also included are other ancillary costs associated with operating a comprehensive community college such as athletics, student clubs and organizations, and auxiliary activities.

Instructional support (10 percent in 2018 and 11 percent in 2017 and 2016) includes the costs of the academic support structure for the delivery of instruction. Expenditures in this area include the provost and deans, departmental support, instructional technology support, and the library operations.

Institutional administration (10 percent in 2018 and 11 percent in 2017 and 2016) includes expenditures for the president's office, research and planning, and financial and business services functions.

Physical plant operations (6 percent in 2018 and 10 percent in 2017 and 2016) and depreciation (10 percent in 2018, 6 percent in 2017 and 2016 of expenses) reflect the cost of operating and maintaining the College's physical environment and the safety of students, staff, and visitors to the campus.

Public service expenditures (4 percent in 2018 and 2017 and 3 percent in 2016) include activities that make available to the public unique resources for the specific purpose of responding to a community need or solving a community problem.

Statement of Cash Flows

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

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

The College's liquidity increased during the year. Highlights from the College's cash flow for the years ended June 30, 2018, 2017, and 2016 include:

- Cash used in operating activities totaled $66.2 million ($64.9 million in 2017 and $54.0 million in 2016) with the most significant use of cash flow being in the form of payments related to employee compensation and fringe benefits of $95.2 million ($97.5 million in 2017 and $85.3 million in 2016). Payments to vendors ($20.0 million in 2018, $17.9 million in 2017, and $18.0 million in 2016) and for building utilities ($3.6 million in 2018 and $3.5 million in 2017 and $3.5 million in 2016) also represent use of cash for operations. These operating uses of cash, including payments to students for scholarships and grants ($17.9 million in 2018, $17.1 million in 2017, and $19.0 million in 2016), were offset by cash provided by operations from tuition and fees collected of $53.6 million ($52.9 million in 2017 and $55.8 million in 2016), federal, state, and local grants and contracts collected of $6.8 million ($9.6 million in 2017 and $5.2 million in 2016), auxiliary sales of $5.1 million ($4.1 million in 2017 and $4.2 million in 2016), and other cash collections of $5.1 million ($4.4 million in 2017 and $6.7 million in 2016) primarily from rentals, seminars, and workshops.

- Noncapital financing activities provided $84.4 million ($87.7 million in 2017 and $80.8 million in 2016) in cash flow for the College, the most significant sources being local property taxes collected of $39.1 million ($38.0 million in 2017 and $37.7 million in 2016), federal Pell grants for students of $17.2 million ($16.0 million in 2017 and $18.1 million in 2016), and state appropriations of $27.6 million ($26.7 million in 2017 and $24.3 million in 2016). Gifts and contributions account for the remainder of cash provided by noncapital financing activities.

- The College used approximately $20.9 million in cash in 2018 ($23.4 million in 2017 and $15.6 million in 2016) of cash from capital and related financing activities. Purchase of capital assets used $5.4 million ($17.0 million in 2017 and $10.3 million in 2016). Principal paid on capital debt and leases of $13.8 million ($5.4 million 2017 and $4.0 million in 2016) and interest paid on debt and capital leases of $1.8 million ($1.0 million in 2017 and $1.3 million in 2016) accounted for the remainder of the use of cash from capital and related financing activities in 2017.

- Investing activities used $8.8 million of cash in 2018 (compared to generating $7.4 million in 2017 and using $8.7 million in 2016). This variation reflects investing activity in the College's operating and bond portfolios to match maturities with payroll dates, student refund periods, debt payments, construction schedules, and other cash needs. Interest on investments provided $0.8 million in cash (compared to $0.5 million in 2017 and $0.4 million in 2016), reflecting slightly higher interest rates and smaller average balances in lower-earning sweep accounts.

Capital Assets and Debt Administration

At June 30, 2018, 2017, and 2016, the College had $144.4, $146.5, and $137.0 million invested in capital assets, net of accumulated depreciation of approximately $114.4, $107.4, and $101.2 million, respectively. Depreciation charges increased from $7.3 in in 2016 and 2017 to $7.4 million in 2018, reflecting depreciation against additional assets placed in service in 2017.

During 2018, capital asset additions totaled $14.2 million. Included in this total is $9.0 million in completed building renovations, as well as another $4.1 million in current construction in progress. Included in the remaining $1.2 million are various purchases of instructional equipment and furniture, library resources, vehicle replacements, technology expenditures, and minor deferred maintenance projects.

During 2017, capital asset additions totaled $21.2 million. Included in this total is $11.2 million in completed building renovations, as well as another $8.3 million in current construction in progress, largely for the music building project. Included in the remaining $1.6 million are various purchases of instructional equipment and furniture, library resources, vehicle replacements, maintenance equipment, technology expenditures, and minor deferred maintenance projects.

During 2016, capital asset additions totaled $13.0 million. Included in this total is $5.2 million in completed building renovations, as well as another $4.8 million in current construction in progress, largely for the early childhood facility and music building projects. Included in the remaining $3.0 million are various purchases of instructional equipment and furniture, library resources, vehicle replacements, technology expenditures, and minor deferred maintenance projects.

Capital expenditures in 2019 will include the renovation of $8 million for the Ford Fieldhouse. Other projects will include ongoing deferred maintenance, campus safety and security enhancements, and equipment and technology replacements and upgrades.

At June 30, 2018, the College had $263.0 million in long-term obligations outstanding ($219.0 million in 2017 and $225.9 million in 2016), which includes a net pension liability of $148.4 million ($148.0 million in 2017 and $145.8 million in 2016) and a net OPEB liability of $50.8 million (see Note 10). Capital debt and lease obligations totaled $40.3 million ($45.8 million in 2017 and $51.2 million in 2016). The decrease is due to scheduled debt payments made in May 2018. As an objective indication of its financial stability, the College's debt is rated AA (Standard & Poor's) and Aa1 (Moody's). The Standard & Poor's rating was reaffirmed in fiscal year 2017. Annual bond payment obligations are met by the .4 mill property tax allocation authorized by the board of trustees.

The fortunes of the local economy will also impact the College in the future. Property tax revenue is dependent on home sales, assessed values, new construction, and commercial development. For 2019, we've budgeted for an increase of 4.4 percent, despite a small Headlee Rollback resulting in a reduction from 1.7788 mills to 1.7716 mills. With the improving home sales and new construction, we are optimistic that this trend will continue; however, we do not anticipate a return to the prerecession level of increases in the foreseeable future.

Enrollment levels, which have declined for the sixth year in a row, are being watched closely. With the improving economy, some decline is anticipated, as community college enrollment in Michigan has historically run counter-cyclical to the State's economy. Other colleges are experiencing similar enrollment reductions. The College's enrollment declines have improved each of the past three years. However, since student tuition and fees now provide nearly 50 percent of General Fund revenue, the potential impact on the College's operating budget is significant. To address this challenge, the College implemented a zero-based budgeting process for all administrative divisions to assure that resources are being utilized efficiently and effectively. For the 2019 fiscal year, all academic units implemented a zero-based budgeting process as well.

As noted earlier, the College has been working diligently to address deferred maintenance and renovation needs. We desire to not only keep our students and staff "warm, safe, and dry," but to also provide them with state-of-the-art learning environments and technology resources. The $26.6 million from the July 2012 facilities bonds, augmented with state capital outlay funds and private donations, has provided funding for improvements to nearly every building on campus along with the construction of the new early childhood facility occupied in 2017. For 2019, the College has planned needed upgrades to Ford Fieldhouse totaling $8 million. The State of Michigan has also approved a capital appropriation of $6.3 million toward a $12.7 million project to remodel the Wisner-Bottrall Applied Technology Center and upgrade technology.

Now in its second century, the administration and board of trustees are of the opinion that, in spite of some critical challenges, the College is positioned to meet the needs of its students and the community during the current year and has established a financial foundation to carry the College into the future. The College remains committed to the ideals of 'open door' access and 'student success'. With a dedicated staff, board of trustees, and the support of the community, Grand Rapids Community College will continue to strive to be 'distinctive' in all that it does in 2019 and beyond.

Grand Rapids Community College

Statement of Net Position

	June 30 2018	June 30 2017
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 37,837,677	$ 49,288,748
Accounts receivable - Net (Note 6)	6,939,094	7,719,561
Prepaid expenses and other current assets	384,402	314,571
Total current assets	45,161,173	57,322,880
Noncurrent assets:		
Accounts receivable - Net (Note 6)	1,172,474	1,195,882
Long-term investments (Note 3)	30,227,095	12,963,083
Unamortized bond discount	173,205	231,109
Capital assets - Net (Note 7)	144,367,226	146,535,975
Total noncurrent assets	175,940,000	160,926,049
Total assets	221,101,173	218,248,929
Deferred Outflow of Resources (Note 10)	32,107,067	17,420,327
Liabilities		
Current liabilities:		
Accounts payable	2,953,387	2,693,995
Accrued salaries and related amounts	7,000,761	7,326,645
Unearned revenue	5,982,933	5,488,291
Interest payable	282,835	333,813
Long-term obligations - Current (Note 8)	8,164,550	8,009,166
Deposits held in custody for others	353,300	354,237
Total current liabilities	24,737,766	24,206,147
Noncurrent liabilities:		
Long-term obligations - Net of current portion (Note 8)	39,065,724	46,830,313
Net OPEB liability (Note 10)	50,752,538	-
Net pension liability (Note 10)	148,436,080	148,003,350
Total liabilities	262,992,108	219,039,810
Deferred Inflow of Resources (Note 10)	21,007,564	7,498,776
Net Position		
Net investment in capital assets	104,060,022	99,209,364
Unrestricted deficit	(134,851,453)	(90,078,694)
Total net position	**$ (30,791,431)**	**$ 9,130,670**

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2018	2017
Operating Revenue		
Tuition and fees - Net of scholarship allowance of $11,474,633 and $11,109,577 for 2018 and 2017, respectively	$ 41,630,247	$ 41,716,877
Federal grants and contracts	5,040,490	4,365,077
State grants and contracts	316,492	1,399,765
Private gifts, grants, and contracts	795,259	3,335,238
Sales and services of auxiliary activities	4,457,693	4,131,453
Seminars, workshops, and other revenue	5,133,927	4,389,612
Total operating revenue	57,374,108	59,338,022
Operating Expenses		
Instruction	50,602,346	54,449,675
Information technology	7,589,310	-
Public service	5,310,518	4,986,742
Instructional support	12,765,667	14,357,409
Student services	21,588,761	21,151,588
Institutional administration	12,923,789	13,681,992
Physical plant operations	13,729,894	12,799,308
Depreciation	7,418,352	7,256,167
Total operating expenses	131,928,637	128,682,881
Operating Loss	(74,554,529)	(69,344,859)
Nonoperating Revenue (Expenses)		
State appropriations	27,906,047	26,829,853
Property taxes	39,109,248	38,046,959
Pell revenue	17,174,526	16,049,435
Interest income	798,567	488,804
Interest expense on bonds	(1,784,514)	(980,598)
Unrealized loss on investments	(45,390)	(43,086)
Contributions	497,000	6,850,000
Other revenue	2,358,051	7,407,392
Net nonoperating revenue	86,013,535	94,648,759
Increase in Net Position	11,459,006	25,303,900
Net Position - Beginning of year	9,130,670	(16,173,230)
Adjustment for change in accounting principle (Note 1)	(51,381,107)	-
Net Position - Beginning of year - As restated	(42,250,437)	-
Net Position - End of year	**$ (30,791,431)**	**$ 9,130,670**

Grand Rapids Community College

Statement of Cash Flows

	Year Ended June 30	
	2018	2017
Cash Flows from Operating Activities		
Tuition and fees	$ 53,599,522	$ 52,928,114
Grants and contracts	6,759,840	9,574,887
Payments to suppliers	(19,982,671)	(17,843,782)
Payments for utilities	(3,647,692)	(3,472,424)
Payments to employees	(60,695,921)	(60,656,188)
Payments for benefits	(34,481,114)	(36,880,936)
Payments for scholarships and grants	(17,899,834)	(17,064,757)
Auxiliary enterprise charges - Net	5,050,110	4,131,453
Other	5,133,927	4,389,612
Net cash used in operating activities	(66,163,833)	(64,894,021)
Cash Flows from Noncapital Financing Activities		
Local property taxes	39,109,248	38,046,959
Noncapital contributions	497,000	6,850,000
Federal direct lending receipts	14,939,516	17,916,321
Federal direct lending disbursements	(14,939,516)	(17,916,321)
Federal Pell grant	17,174,526	16,049,435
State appropriations	27,637,153	26,720,685
Net cash provided by noncapital financing activities	84,417,927	87,667,079
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(5,382,376)	(16,988,275)
Principal paid on long-term obligations including capital debt	(13,751,194)	(5,395,966)
Interest paid on capital debt	(1,784,514)	(980,598)
Net cash used in capital and related financing activities	(20,918,084)	(23,364,839)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	185,837,465	219,161,370
Purchase of investments	(195,423,113)	(212,220,316)
Interest on investments	798,567	488,804
Net cash (used in) provided by investing activities	(8,787,081)	7,429,858
Net (Decrease) Increase in Cash and Cash Equivalents	(11,451,071)	6,838,077
Cash and Cash Equivalents - Beginning of year	49,288,748	42,450,671
Cash and Cash Equivalents - End of year	**$ 37,837,677**	**$ 49,288,748**

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2018	2017
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (74,554,529)	$ (69,344,859)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	7,418,352	7,256,167
Change in assets and liabilities:		
Accounts receivable	803,875	(1,040,642)
Other assets	(11,927)	(6,480)
Accounts payable and accrued liabilities	(66,492)	(3,866,706)
Unearned revenue	494,642	(14,365)
Deposits held in custody for others	(937)	(6,505)
Interest payable	(50,978)	(31,562)
Net OPEB liability	(628,569)	-
Net pension liability	432,730	2,160,931
Net cash used in operating activities	**$ (66,163,833)**	**$ (64,894,021)**

There were no noncash activities during 2018 or 2017.

Discretely Presented Component Unit
Grand Rapids Community College Foundation

Statement of Financial Position

	June 30 2018	June 30 2017
Assets		
Cash and cash equivalents	$ 3,145,357	$ 2,636,809
Other current assets	73,441	66,472
Long-term investments	24,792,144	23,594,199
Contribution receivable - Net (Note 5)	3,182,858	760,173
Total assets	**$ 31,193,800**	**$ 27,057,653**
Liabilities - Scholarships payable and related amounts	$ 1,494,909	$ 266,805
Net Assets		
Unrestricted	3,970,277	3,883,755
Temporarily restricted	19,161,626	16,360,115
Permanently restricted	6,566,988	6,546,978
Total net assets	29,698,891	26,790,848
Total liabilities and net assets	**$ 31,193,800**	**$ 27,057,653**

Statement of Activities and Changes in Net Assets

	Year Ended June 30 2018	Year Ended June 30 2017
Revenue		
Investment income	$ 2,078,620	$ 2,199,846
Unrealized gain on investments	140,325	197,697
Gain on sale of property	-	171,113
Contributions	4,923,684	2,017,406
Total revenue	7,142,629	4,586,062
Expenses		
Scholarships and grants expense	3,248,436	8,852,897
General and administrative	565,858	521,762
Fundraising	420,292	361,309
Total expenditures	4,234,586	9,735,968
Change in Net Assets	2,908,043	(5,149,906)
Net Assets - Beginning of year	26,790,848	31,940,754
Net Assets - End of year	**$ 29,698,891**	**$ 26,790,848**

Note 1 - Industry Information and Significant Accounting Policies

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

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

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College.

The Grand Rapids Community College Foundation (the "Foundation"), a not-for-profit corporation, was formed to solicit, collect, and invest donations made for the promotion of educational activities and capital campaigns at the College. In accordance with the provisions of GASB Statement No. 61, the Foundation is discretely presented in the College's financial statements because of the significance of the resources provided to the College and the Foundation provides services entirely for the benefit of the College. Separate financial statements of the Foundation may be obtained by contacting Grand Rapids Community College, 143 Bostwick Avenue, NE, Grand Rapids, Michigan 49503.

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

Basis of Presentation - The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The Internal Revenue Service has determined that the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded.

Accrual Basis - The financial statements of Grand Rapids Community College have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Internal Service Activities - Both revenue and expense related to internal service activities, including print shops, office equipment, maintenance, telecommunications, and institutional computing, have been eliminated.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Revenue Recognition - The College generally follows the revenue recognition methods set forth in the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*. Property taxes are recorded as revenue in the year taxes are levied. Under this method, revenue for fiscal year 2018 includes property taxes that were levied on July 1, 2017 and generally collected before September 30, 2017, and revenue for fiscal year 2017 includes property taxes that were levied on July 1, 2016 and generally collected before September 30, 2016. State appropriations are recorded as revenue in the period for which they are appropriated. Reductions to state appropriations are recorded in the College's fiscal year in which the changes are approved by the state legislature.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents consist of all highly liquid investments, including certificates of deposit, with an initial maturity of 12 months or less.

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

Accounts Receivable - Accounts receivable resulting from government and state grants, state appropriations, and student tuition consists of operating revenue recognized, but not received, as of June 30, 2018 and 2017. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal student payment periods. In addition, a general valuation allowance is established for other student accounts receivable based on historical loss experience.

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

Bond Discount and Premium - Bond discount or premium relates to the value of the bonds issued by the College at the issuance date. The premium or discount on issuance is amortized on a straight-line basis over the life of the related outstanding bond issue.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

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

Buildings	40 years
Land improvements and infrastructure	20 years
Equipment	5-15 years

Unearned Revenue - Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue relates primarily to Summer-term tuition received prior to June 30. The remaining amount included in unearned revenue relates to grant and award monies received in excess of costs incurred as of year-end for college programs financed by government agencies and other organizations.

Net Position - Net position is classified according to external donor retrictions or availability of assets for satisfaction of college obligations. Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the board, including amounts that the board has agreed to set aside under contractual agreements with third parties. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and net of related debt.

Operating Revenue and Expenses - Revenue and expense transactions are normally classified as operating revenue and expenses when such transactions are generated by the College's principal ongoing operations. However, most revenue that is considered to be nonexchange, such as tax revenue, federal Pell grant revenue, and state appropriations, is considered nonoperating revenue.

Federal Financial Assistance Programs - The College participates in federally funded Pell grants, SEOG grants, Federal Work Study, and the federal direct lending program. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the compliance supplement.

During the years ended June 30, 2018 and 2017, the College distributed $14,939,516 and $17,916,321, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures in the accompanying financial statements.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

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

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

Deferred Outflows of Resources - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then.

The College reports deferred outflows of resources for certain pension-related and OPEB-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 10.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The College reports deferred inflows of resources for certain pension-related and OPEB-related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 10.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Adoption of New Standard - The GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which requires governments providing other postemployment benefit (OPEB) plans to recognize their unfunded OPEB obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statements, the College has reported a change in accounting principle adjustment to unrestricted net position of $51,381,107, which is the net of the net OPEB liability and related deferred outflows as of July 1, 2017. June 30, 2017 amounts have not been restated to reflect the impact of GASB No. 75 because the information is not available to calculate the impact on OPEB expense for the fiscal year ended June 30, 2017.

Note 2 - Property Taxes

Property tax revenue is recognized in the year for which taxes have been levied.

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

During the years ended June 30, 2018 and 2017, $1.7788 and $1.7865, respectively, of tax per $1,000 of taxable property value in the College's taxing district was levied for general operating purposes on all property. Total operating property tax revenue was $39,109,248 and $38,046,959 for the years ended June 30, 2018 and 2017, respectively.

Note 3 - Cash and Investments

The College considers all highly liquid investments with a maturity of 12 months or less when purchased to be cash equivalents. The College's deposits and investments are included on the statement of net position under the following classifications at June 30, 2018 and 2017:

	2018	2017
Cash and cash equivalents	$ 37,837,677	$ 49,288,748
Long-term investments	30,227,095	12,963,083
Total cash and investments	$ 68,064,772	$ 62,251,831

Note 3 - Cash and Investments (Continued)

Investments - The investment policy of the Foundation, as established by the Foundation's board of directors, authorizes investments in a diversified portfolio of stocks and bonds based on the following asset allocation ranges:

Investment Type	Range	Benchmark
Stocks	55% - 65%	60%
Fixed income	30% - 50%	35%
Cash	0% - 15%	5%

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 does invest in accordance with state law.

The Foundation invests in mutual funds with the long-term objective to preserve principal, provide appreciation, and maintain adequate liquidity. Due to the long-term nature of the investments, the Foundation does not limit investment maturities. The Foundation is also not limited to the investing restrictions imposed on the College by state law.

As of June 30, 2018, the College had the following investments and maturities:

	S&P Quality Rating	Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Cash and money market accounts	N/A	$ 33,999,177	$ 33,999,177	$ -	$ -
Certificates of deposit	N/A	3,479,418	970,000	2,022,753	486,665
Commercial paper	A-1+	4,779,828	2,868,500	497,925	1,413,403
U.S. agency securities	AGY	25,806,349	-	12,204,224	13,602,125
Total		$ 68,064,772	$ 37,837,677	$ 14,724,902	$ 15,502,193

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

	S&P Quality Rating	Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Cash and money market accounts	N/A	$ 11,900,068	$ 11,900,068	$ -	$ -
Certificates of deposit	N/A	14,754,233	10,499,790	2,749,975	1,504,468
Commercial paper	A-1+	22,915,180	22,915,180	-	-
U.S. agency securities	AGY	12,682,350	3,973,710	3,489,590	5,219,050
Total		$ 62,251,831	$ 49,288,748	$ 6,239,565	$ 6,723,518

Credit Risk - According to state law, the College must limit investments in commercial paper to corporations rated prime by at least one of the standard rating services. The Foundation invests in mutual funds with a long-term growth objective.

The nationally recognized statistical rating organization (NRSRO) utilized is primarily Standard & Poor's Rating Services.

Note 3 - Cash and Investments (Continued)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be available or returned. The College does not have a deposit policy for custodial credit risk. At June 30, 2018 and 2017, the carrying amount of the College's deposits was $14,817,290 and $19,865,083, respectively. Of that amount, $2,250,000 and $5,249,745 for 2018 and 2017, respectively, was insured by the Federal Deposit Insurance Corporation. The remaining $12,567,290 and $14,615,338 at June 30, 2018 and 2017, respectively, was uninsured and uncollateralized. The College does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

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

Concentration of Credit Risk - The College's investment policy limits investments in any one institution to an upper limit of 5 percent of the net worth of that institution. Also, commercial paper investments are limited to no more than $5,000,000 in any single issuer. The College's investment policy does not limit investments in U.S. agencies or treasuries. The Foundation's investment policy limits investments in any single equity security to no more than 5 percent of the market value of all equity securities.

More than 5 percent of the College's investments at June 30 were invested as follows:

Issuer	2018	2017
Federal Home Loan Mortgage Corporation	- %	10%
Michigan Class	4%	7%
PNC Bank	13%	12%
Michigan Liquid Asset Fund - Term	9%	- %
Michigan Liquid Asset Fund - Money Markets	24%	- %
United States Treasuries	29%	- %

Investments at Grand Rapids Community College Foundation are as follows:

	June 30, 2018		June 30, 2017	
	Cost	Fair Value	Cost	Fair Value
Bonds	$ 8,607,767	$ 8,384,224	$ 8,494,698	$ 8,478,466
Common stock	10,919,146	16,407,920	10,530,990	15,115,733
Total	$ 19,526,913	$ 24,792,144	$ 19,025,688	$ 23,594,199

Note 3 - Cash and Investments (Continued)

Net gains from security transactions for the Foundation for the years ended June 30, 2018 and 2017 are as follows:

	2018	2017
Unrealized appreciation	$ 696,721	$ 197,697
Realized gains	885,251	1,734,202
Total	$ 1,581,972	$ 1,931,899

Total investment gains and losses on the statement of activities and changes in net assets for the Grand Rapids Community College Foundation are comprised of interest and dividend income of $496,648 at June 30, 2018 and $465,644 at June 30, 2017 and net realized gains of $885,251 at June 30, 2018 and $1,734,202 at June 30, 2017.

Note 4 - Fair Value Measurements

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

Note 4 - Fair Value Measurements (Continued)

The College has the following recurring fair value measurements as of June 30, 2018 and 2017:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Agency Securities	$ 25,806,349	$ -	$ 25,806,349	$ -
Commercial Paper	1,911,238	-	1,911,238	-
Total investments by fair value level	$ 27,717,587	$ -	$ 27,717,587	$ -

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Agency Securities	$ 8,708,640	$ -	$ 8,708,640	$ -
Total investments by fair value level	$ 8,708,640	$ -	$ 8,708,640	$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Long-term investments on the statement of net position at June 30, 2018 and 2017 include certificates of deposit of $2,509,418 and $4,254,443, respectively. The investments in certificates of deposit are considered an interest-earning investment contract and are therefore not recorded at fair value.

Note 5 - Foundation Contributions Receivable

Foundation contributions receivable consist of unconditional promises to give. The present value of contributions receivable is calculated using a discount rate of 2.63 percent and 1.55 percent for the years ended June 30, 2018 and 2017, respectively, and is expected to be collected as follows:

Years		2018	2017
2018		$ -	$ 401,446
2019		3,160,530	350,340
2020		40,290	20,250
2021		29,200	3,750
	Total	3,230,020	775,786
	Less present value discount and reserve for uncollectible pledges	(47,162)	(15,613)
	Net present value	$ 3,182,858	$ 760,173

Note 6 - Accounts Receivable

Accounts receivable consist of the following:

	2018	2017
Tuition and other	$ 3,703,111	$ 3,672,334
Grants and contracts	639,594	1,247,193
State appropriations - Operating	4,448,386	4,717,280
Total accounts receivable	8,791,091	9,636,807
Less allowance for uncollectibles	(679,523)	(721,364)
Net accounts receivable	$ 8,111,568	$ 8,915,443

The College values accounts receivable at gross realizable value. All amounts deemed to be uncollectible are charged directly against income in the period that determination is made.

Note 7 - Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Land and improvements	$ 6,929,534	$ -	$ -	$ 6,929,534
Building and building improvements	201,695,303	8,958,338	-	210,653,641
Furniture, fixtures, and equipment	36,387,812	1,167,248	(604,556)	36,950,504
Subtotal - Depreciable assets	245,012,649	10,125,586	(604,556)	254,533,679
Construction in progress	8,943,825	4,118,574	(8,861,784)	4,200,615
Total	253,956,474	14,244,160	(9,466,340)	258,734,294
Less accumulated depreciation:				
Building and building improvements	(81,625,850)	(4,661,859)	-	(86,287,709)
Furniture, fixtures, and equipment	(25,794,649)	(2,756,492)	471,782	(28,079,359)
Total accumulated depreciation	(107,420,499)	$ (7,418,351)	$ 471,782	(114,367,068)
Capital assets - Net	$ 146,535,975			$ 144,367,226

Note 7 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Land and improvements	$ 7,107,164	$ -	$ (177,630)	$ 6,929,534
Building and building improvements	190,448,300	11,247,003	-	201,695,303
Furniture, fixtures, and equipment	35,800,727	1,638,885	(1,051,800)	36,387,812
Subtotal - Depreciable assets	233,356,191	12,885,888	(1,229,430)	245,012,649
Construction in progress	4,841,438	8,283,404	(4,181,017)	8,943,825
Total	238,197,629	21,169,292	(5,410,447)	253,956,474
Less accumulated depreciation:				
Building and building improvements	(77,259,150)	(4,366,700)	-	(81,625,850)
Furniture, fixtures, and equipment	(23,905,227)	(2,889,466)	1,000,044	(25,794,649)
Total accumulated depreciation	(101,164,377)	$ (7,256,166)	$ 1,000,044	(107,420,499)
Capital assets - Net	$ 137,033,252			$ 146,535,975

At June 30, 2018, there was approximately $7.0 million in constuction commitments outstanding in connection with ongoing capital projects.

Note 8 - Long-term Obligations

Long-term obligation activity during the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2018 series	$ -	$ 5,305,000	$ -	$ 5,305,000	$ 1,370,000
Series bonds, 2016 series	3,115,000	-	1,500,000	1,615,000	1,615,000
Series bonds, 2013 series	2,520,000	-	550,000	1,970,000	535,000
Series bonds, 2012 series (facilities)	21,935,000	-	1,045,000	20,890,000	1,100,000
Series bonds, 2012 series	2,430,000	-	510,000	1,920,000	505,000
Series bonds, 2009 series	9,000,000	-	550,000	8,450,000	600,000
Series bonds, 2008 series	6,575,000	-	6,575,000	-	-
Leases Payable -					
Capital leases	251,611	-	94,377	157,234	97,734
Other Long-term Liabilities					
Unamortized bond premium	1,708,005	-	123,258	1,584,747	123,258
Kellogg Foundation Loan	1,500,000	-	1,500,000	-	-
Accrued employee leave	4,046,852	2,349,307	2,089,317	4,306,842	2,218,558
Michigan job training grants	1,758,011	577,000	1,303,559	1,031,451	-
Total	$ 54,839,479	$ 8,231,307	$ 15,840,511	$ 47,230,274	$ 8,164,550

Note 8 - Long-term Obligations (Continued)

Long-term obligation activity during the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2016 series	$ 4,495,000	$ -	$ 1,380,000	$ 3,115,000	$ 1,500,000
Series bonds, 2013 series	3,095,000	-	575,000	2,520,000	550,000
Series bonds, 2012 series (facilities)	22,940,000	-	1,005,000	21,935,000	1,045,000
Series bonds, 2012 series	2,940,000	-	510,000	2,430,000	510,000
Series bonds, 2009 series	9,500,000	-	500,000	9,000,000	550,000
Series bonds, 2008 series	7,890,000	-	1,315,000	6,575,000	1,315,000
Leases Payable -					
Capital leases	362,577	-	110,966	251,611	94,377
Other Long-term Liabilities					
Unamortized bond premium	1,831,263	-	123,258	1,708,005	123,258
Kellogg Foundation Loan	1,500,000	-	-	1,500,000	-
Accrued employee leave	4,402,783	2,169,784	2,525,715	4,046,852	2,321,531
Michigan job training grants	952,529	1,110,500	305,018	1,758,011	-
Total	$ 59,909,152	$ 3,280,284	$ 8,349,957	$ 54,839,479	$ 8,009,166

Series Bonds, 2018 Refunding - The College issued $5,305,000 in general obligation bonds (2018 Series Bonds) with an average interest rate of 2.26 percent. The 2018 Series Bonds were issued to refund $5,260,000 outstanding of 2008 Series Bonds with an average interest rate of 5.0 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2008 Series Bonds. As a result, the 2008 Series Bonds are considered to be defeased, $5,260,000 in liability for the bonds has been removed from the statement of net position, and the transaction has been treated as a noncash financing activity in the statement of cash flows. Defeased debt that remains on the 2008 Series Bonds was $1,315,000 at June 30, 2018. The principal and interest on the 2018 Series Bonds are paid primarily from property tax levies. The bonds bear interest ranging from 1.85 percent to 2.45 percent and have remaining annual maturities ranging from $1,275,000 to $1,370,000. The bonds mature in 2022.

Series Bonds, 2016 Refunding - The College issued $4,495,000 in general obligation bonds (2016 Series Bonds) with an average interest rate of 1.05 percent. The 2016 Series Bonds were issued to refund $4,445,000 outstanding of 2006 Series Bonds with an average interest rate of 4.45 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2006 Series Bonds. As a result, the 2006 Series Bonds are considered to be defeased, $4,445,000 in liability for the bonds has been removed from the statement of net position, and the transaction has been treated as a noncash financing activity in the statement of cash flows. Defeased debt that remains on the 2006 Series Bonds was $1,615,000 at June 30, 2018. The principal and interest on the 2016 Series Bonds are paid primarily from property tax levies. The bonds bear interest at 1.05 percent and have remaining annual maturities of $1,615,000. The bonds mature in 2019.

Note 8 - Long-term Obligations (Continued)

Series Bonds, 2013 - The College issued $4,830,000 in general obligation bonds (2013 Series Bonds) with an average interest rate of 2.16 percent. The 2013 Series Bonds were issued to refund $4,915,000 outstanding of 2003 Series Bonds with an average interest rate of 5.27 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2003 Series Bonds. As a result, the 2003 Series Bonds are considered to be defeased, and the liability for the bonds has been removed from the statement of net position. The advance refunding resulted in the recognition of an accounting gain of approximately $124,000 during 2013, and future debt service payments are reduced by the net present value of approximately $866,000. Defeased debt that remains on the 2003 Series Bonds was $2,225,000 at June 30, 2018. The principal and interest on the 2013 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates ranging from 0.9 percent to 3.0 percent and have remaining annual maturities ranging from $365,000 to $535,000. The bonds mature in 2022.

Series Bonds, 2012 (Facilities) - The College issued $26,645,000 in general obligation limited tax bonds (2012 Series Bonds) with an average interest rate of 3.39 percent. The funds are being used for renovating, refurnishing, and re-equipping existing college facilities, acquiring and installing enhanced technology and technology infrastructure, and purchasing or expanding building and other facilities. The principal and interest on the 2012 Series Bonds are paid from a facilities maintenance fee assessed to students based on contact hour enrolled. The bonds bear interest at rates from 3.4 percent to 5.0 percent and have remaining annual maturities ranging from $1,100,000 to $1,910,000. The bonds mature in 2032.

Series Bonds, 2012 Refunding - The College issued $4,365,000 in general obligation bonds (2012 Series Bonds) with an average interest rate of 3.79 percent. The 2012 Series Bonds were issued to refund $4,400,000 of the $10,195,000 outstanding of 2003 Series Bonds with an average interest rate of 4.81 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2003 Series Bonds. As a result, the 2003 Series Bonds are considered to be partially defeased, and $4,400,000 in liability for the bonds has been removed from the statement of net position. Defeased debt that remains on the 2003 Series Bonds was $1,995,000 at June 30, 2018. The principal and interest on the 2012 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates ranging from 3.0 percent to 4.0 percent and have remaining annual maturities ranging from $200,000 to $505,000. The bonds mature in 2023.

Series Bonds, 2009 - The College issued $12,000,000 in general obligation limited tax bonds (2009 Series Bonds) with an average interest rate of 3.9 percent. Of the 2009 Series Bonds, $9,500,000 was used to purchase various building and properties and the remainder was used for various renovations to this newly acquired property. The principal and interest on the 2009 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates from 4.8 percent to 6.5 percent and have remaining annual maturities ranging from $600,000 to $900,000. The bonds mature in 2029.

Note 8 - Long-term Obligations (Continued)

Series Bonds, 2008 - The College issued $18,225,000 in general obligation bonds (2008 Series Bonds) with an average interest rate of 5.0 percent. The 2008 Series Bonds were issued to refund outstanding 1998 Series Bonds with an average interest rate of 4.81 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 1998 Series Bonds. As a result, the 1998 Series Bonds are considered to be defeased, the liability for the bonds has been removed from the statement of net position, and the transaction has been treated as a noncash financing activity in the statement of cash flows. The advance refunding resulted in the recognition of an accounting gain of approximately $252,000 during 2008, and future debt service payments are reduced by the net present value of approximately $1,099,693. Defeased debt that remains on the 1998 Series Bonds was $5,500,000 at June 30, 2018. The 2008 bonds were defeased in 2018 due to the issuance of the Series Bonds, 2018 Refunding.

Kellogg Loan - In July 2015, the College entered into a loan agreement with the Kellogg Foundation for a loan in the amount of $1,500,000 for the construction of the Lab Preschool Building. The College paid off the remaining balance of this loan during fiscal year 2018.

Capital Leases - During 2011 through 2016, the College acquired copier and printer systems under various capital lease agreements. The systems are included in capital assets at a cost of $372,314 and have recorded accumulated depreciation of $259,698 as of June 30, 2018.

Total principal and interest maturities on the bonds payable as of June 30, 2018 are as follows:

Years Ending	Debt Obligations			Lease Obligations		
June 30	Principal	Interest	Total	Principal	Interest	Total
2019	5,725,000	1,498,724	7,223,724	97,734	3,945	101,679
2020	4,195,000	1,333,022	5,528,022	52,600	1,069	53,669
2021	4,260,000	1,186,632	5,446,632	6,900	7	6,907
2022	3,835,000	1,033,862	4,868,862	-	-	-
2023	2,290,000	893,946	3,183,946	-	-	-
2024-2028	11,740,000	3,017,834	14,757,834	-	-	-
2029-2032	8,105,000	769,040	8,874,040	-	-	-
Total	$ 40,150,000	$ 9,733,060	$ 49,883,060	$ 157,234	$ 5,021	$ 162,255

Cash Paid for Interest - Cash paid for interest was approximately $1,785,000 and $981,000 for the years ended June 30, 2018 and 2017, respectively.

Note 8 - Long-term Obligations (Continued)

Michigan Job Training Grants - During 2010, the College became involved in the Michigan New Jobs Training Program. The Michigan New Jobs Training Program was created by State of Michigan Public Acts 359 and 360 of 2008 and provides the ability for community college districts to enter into agreements with employers to (1) provide education and training to workers in order to create new jobs and (2) to establish a funding mechanism to pay for the education and training. In connection with this program, the College has entered into agreements with various local employers for the purpose of establishing projects to educate and train certain persons employed in new jobs. The local employers prepay training costs to the College and the College subsequently issues noninterest-bearing revenue bonds payable to the employers equal to the prepayments. The employer remits state income tax withholdings for these new employees directly to the College. The College then remits these withholdings back to the employer on a quarterly basis to reimburse the company for the costs of training, thus reducing bonds payable. As of June 30, 2018, the College has outstanding bonds payable to various employers of $1,031,451. The bonds mature at various dates through 2030.

Accrued Employee Leave - The College provides termination benefits upon departure from the College resulting from unused sick time and years of service and defined by each respective labor contract and administrative policy under the vesting method. Under the vesting method, the liability is accrued for employees based on the amount eligible and certain assumptions are used to determine probability of reaching the criteria required for eligibility. Included in the current portion of the accrual is earned but not used vacation and amounts to be provided to employees that will be retiring in the upcoming fiscal year.

Note 9 - Defined Contribution (Optional) Retirement Plan

The College has established an Optional Retirement Plan (ORP) in addition to the Michigan Public School Employees’ Retirement System (MPSERS) plan as required by state law. Eligible employees may elect to participate in the MPSERS plan or join the ORP. Eligible employees are defined as full-time faculty and professional staff. Participants are immediately vested in the ORP, which requires an employer and employee contribution of 12.00 percent and 3.00 percent, respectively. In general, a participant may request payment of benefits at any time after total disability, termination of employment, or age 65 unless deferred until age 70½. College contributions to the ORP were approximately $1,460,000 and $1,350,000 for the years ended June 30, 2018 and 2017, respectively.

Note 10 - Michigan Public School Employees’ Retirement System

Plan Description - The College participates in the Michigan Public School Employees' Retirement System (MPSERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the College. Certain College employees also receive defined contribution retirement and healthcare benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment healthcare benefits to retirees and beneficiaries who elect to receive those benefits.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools, or by writing to the Office of Retirement System (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Contributions - Public Act 300 of 1980, as amended, required the College to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the State Legislature. Under these provisions, each College's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

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

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

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

The range of rates is as follows:

	Pension	OPEB
October 1, 2015 - September 30, 2016	14.56% - 18.95%	6.4% - 6.83%
October 1, 2016 - September 30, 2017	15.27% - 19.03%	5.69% - 5.91%
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42% - 7.67%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The College's required and actual pension contributions to the plan for the year ended June 30, 2018 and 2017 were $15,058,967 and $12,528,728, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of $5,909,337 and $4,493,032 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2018 and 2017, respectively.

The College's required and actual OPEB contributions to the plan for the year ended June 30, 2018 and 2017 were $3,450,838 and $2,705,532, respectively, which include the College's contributions required for those members with a defined contribution benefit.

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

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

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

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

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

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

Net Pension Liability - At June 30, 2018 and 2017, the College reported a liability of $148,436,080 and $148,003,350, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017 and 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2016 and 2015, which used updated procedures to roll forward the estimated liability to September 30, 2017 and 2016. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017 and 2016, the College's proportion was 0.57280 percent and 0.59322 percent, respectively.

Net OPEB Liability - At June 30, 2018, the College reported a liability of $50,752,538 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2018 was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2016, which used updated procedures to roll forward the estimated liability to September 30, 2017. The College's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017, the College's proportion was 0.57312 percent of MPSERS in total.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended 2018 and 2017, the College recognized pension expense of $13,401,820 and $13,238,300, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 16,262,351	$ -
Differences between expected and actual experience	1,290,011	(728,345)
Net difference between projected and actual earnings on pension plan assets	-	(7,096,221)
Changes in proportion and differences between college contributions and proportionate share of contributions	189,758	(5,557,853)
College contributions subsequent to the measurement date	11,669,474	-
Total	$ 29,411,594	$ (13,382,419)

	June 30, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 2,313,917	$ -
Differences between expected and actual experience	1,844,512	(350,772)
Net difference between projected and actual earnings on pension plan assets	2,459,815	-
Changes in proportion and differences between college contributions and proportionate share of contributions	261,984	(2,654,972)
College contributions subsequent to the measurement date	10,540,099	-
Total	$ 17,420,327	$ (3,005,744)

The $5,909,339 and $4,493,032 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 147c of the State School Aid Act (PA 94 of 1979), will be recognized as state appropriations revenue for the years ended June 30, 2019 and 2018, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2018	$ 720,390
2019	3,421,204
2020	1,090,122
2021	(872,015)
Total	$ 4,359,701

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

For the year ended June 30, 2018, the College recognized OPEB expense of $3,396,549.

At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ -
Differences between expected and actual experience	-	(540,365)
Net difference between projected and actual earnings on pension plan assets	-	(1,175,441)
Changes in proportion and differences between college contributions and proportionate share of contributions	8,213	-
College contributions subsequent to the measurement date	2,687,260	-
Total	$ 2,695,473	$ (1,715,806)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and therefore will not be included in future pension expense):

Years Ending June 30	Amount
2018	$ (412,793)
2019	(412,793)
2020	(412,793)
2021	(412,793)
2022	(56,421)
Total	$ (1,707,593)

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions - The total pension liability and total OPEB liability as of September 30, 2017 and 2016 is based on the results of an actuarial valuation as of September 30, 2016 and 2015, respectively, and rolled forward. The total pension liability was determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	7.00% - 7.50%-2017 7.00% - 8.00%-2016	Net of investment expenses based on the groups
Investment rate of return – OPEB	7.5%-2017	Net of investment expenses based on the groups
Salary increases	3.50% - 12.30%	Including wage inflation of 3.50%
Healthcare Cost Trend Rate	7.50%-2017	Year 1 graded to 3.5% Year 12
Mortality basis		RP2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

Assumption changes as a result of an experience study for the periods 2007 to 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 - 7.50 and 7.00 – 8.00 percent as of September 30, 2017 and 2016, respectively, depending on the plan option. The discount rate used to measure the total OPEB liability was 7.50 percent as of September 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that College contributions will be made at statutorily required rates.

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

	June 30, 2018		June 30, 2017	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	28.0%	5.6%	28.0%	5.9%
Private Equity Pools	18.0%	8.7%	18.0%	9.2%
International Equity Pools	16.0%	7.2%	16.0%	7.2%
Fixed-income Pools	10.5%	-0.1%	10.5%	0.9%
Real Estate and Infrastructure Pools	10.0%	4.2%	10.0%	4.3%
Real Return, Opportunistic, and Absolute Pools	15.5%	5.0%	15.5%	6.0%
Short-term Investment Pools	2.0%	-0.9%	2.0%	0.0%
Total	100.0%		100.0%	

MPSERS approved a decrease in the discount rate for the September 30, 2017 annual actuarial valuation for the pension plan and the OPEB plan to 7.05% and 7.15%, respectively. As a result, the actuarial computed employer contributions, the net pension liability, and net OPEB liability will increase for the measurement period ending September 30, 2018.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the College, calculated using the discount rate depending on the plan option. The following also reflects what the College's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2018		
1.00 Percent Decrease (6.00 - 6.50%)	Current Discount Rate (7.00 - 7.50%)	1.00 Percent Increase (8.00 - 8.50%)
$ 193,362,843	$ 148,436,080	$ 110,610,610

2017		
1.00 Percent Decrease (6.00 - 7.00%)	Current Discount Rate (7.00 - 8.00%)	1.00 Percent Increase (8.00 - 9.00%)
$ 190,591,060	$ 148,003,350	$ 112,097,814

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the net OPEB liability of the College, calculated using the current discount rate. The following also reflects what the College's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2018		
1.00 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1.00 Percent Increase (8.50%)
$ 59,445,890	$ 50,752,538	$ 43,374,603

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Tend Rate - The following presents the net OPEB liability of the College, calculated using the current healthcare cost trend rate. The following also reflects what the College's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

2018		
1.00 Percent Decrease (6.50%)	Current Discount Rate (7.50%)	1.00 Percent Increase (8.50%)
$ 42,980,577	$ 50,752,538	$ 59,577,057

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

Payable to the Pension and OPEB Plan - At June 30, 2018, the College reported a payable of $1,372,403 and $139,015 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2018. At June 30, 2017, the College reported a payable of $2,003,911 for the outstanding amount of contributions to the pension plan, respectively, required for the year ended June 30, 2017.

Note 11 - Tax Abatements

The College's property tax revenue is affected by tax abatements entered into by other governments. The College's property tax revenues were reduced as follows for the year ended June 30, 2018 and 2017:

Government with Tax Abatement Agreement	Amount of Property Taxes Abated 6/30/2018	6/30/2017
Ada Township	$ 22,131	$ 21,057
Algoma Township	563	484
Alpine Township	20,588	20,677
Byron Township	57,945	56,150
Caledonia Township	3,741	3,533
Cascade Township	32,174	-
Chester Township	106	102
Gaines Township	19,867	959
Georgetown Township	2,921	2,934
Grand Rapids Township	-	223
Irving Township	533	-
Plainfield Township	7,406	8,731
Solon Township	419	808
Sparta Township	6,768	2,899
Tallmadge Township	10,890	3,319
Thornapple Township	2,851	3,009
Tyrone Township	184	185
Vergennes Township	1,609	38
Wright Township	1,106	1,481
City of Cedar Springs	2,458	2,521
City of Grand Rapids	509,200	135,123
City of Grandville	6,234	6,984
City of Kentwood	60,785	73,778
City of Lowell	1,475	2,602
City of Rockford	971	1,161
City of Walker	58,862	66,854
City of Wyoming	108,737	148,454
Total	$ 940,524	$ 564,066

Note 12 - Risk Management

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

Note 13 - State Building Authority

The State of Michigan partially funded the construction of the Calkins Science Center with $15,040,000 of bonds issued by the State Building Authority (SBA) in May 2000, the Main Building renovations with $3,000,000 of bonds issued by the SBA in April 2002, and Cook Hall renovations with $5,000,000 of bonds issued in August 2015. The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to an agreement entered into between the SBA, the State of Michigan, and the College. During the lease term, the SBA will hold title to the buildings, the State of Michigan will make all lease payments to the SBA, and the College will be responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer the titles of the buildings to the College. The lease related to the Calkins Science Center expires in February 2034, the lease related to the Main Building expires in March 2037, and the lease related to Cook Hall expires in 2050.

Note 14 - Foundation Restricted Net Assets

Foundation net assets were restricted for the following purposes:

	June 30, 2018		June 30, 2017	
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted	Permanently Restricted
Capital campaigns	$ 3,068,894	$ -	$ 282,960	$ -
Other capital related	488,154	-	787,612	-
Tech Center capital campaign	879,358	-	1,204,636	-
Scholarships and other	15,139,440	$ 6,566,988	$ 14,084,907	$ 6,546,978
Total	$ 19,575,846	$ 6,566,988	$ 16,360,115	$ 6,546,978

Note 15 - Upcoming Pronouncements

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The effect of applying the new lease guidance on the financial statements has not yet been determined. The new lease standard is not expected to have a significant effect on the College’s financial statements. The provisions of this statement are effective for the College’s financial statements for the year ending June 30, 2021.

Subsequent to fiscal year end 2018, the College entered into an agreement with the State of Michigan to partially fund the renovation of the Applied Technology Center totaling $12,734,000. $6,367,000 of bonds will be issued by the State Building Authority and the College has committed to funding the remaining $6,367,000.

Required Supplemental Information

Schedule of the College's Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement System
(amounts were determined as of September 30 of each fiscal year)

	2017	2016	2015	2014
College's proportion of the collective MPSERS net pension liability:				
As a percentage	0.57280%	0.59322%	0.59710%	0.61095%
Amount	$ 148,436,081	$ 148,003,349	$ 145,842,419	$ 134,569,167
College's covered employee payroll	$ 47,565,876	$ 48,505,242	$ 49,129,485	$ 52,048,878
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered employee payroll	312.06%	323.09%	296.85%	258.54%
MPSERS fiduciary net position as a percentage of the total pension liability	63.96%	63.01%	62.92%	66.20%

Schedule of Pension Contributions
Michigan Public School Employees' Retirement System
(amounts were determined as of June 30 of each fiscal year)

	2018	2017	2016	2015
Statutorily required contribution	$ 13,750,838	$ 12,396,670	$ 13,751,793	$ 9,488,294
Contributions in relation to the actuarially determined contractually required contribution	$ 13,750,838	$ 12,396,670	$ 13,751,793	$ 9,488,294
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered employee payroll	$ 47,300,505	$ 45,064,027	$ 48,088,254	$ 51,268,145
Contributions as a percentage of covered employee payroll	29.07%	27.51%	28.60%	18.51%

Note to Required Supplemental Information
Benefit Changes – There were no changes of benefit terms for the plan year ended September 30, 2017

Changes in Assumptions – On February 23, 2017, MPSERS approved a decrease in the discount rate for the September 30, 2016 annual actuarial valuation of 0.50 percent to 7.50 percent.

Schedule of the College's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees' Retirement System
(amounts were determined as of September 30 of each fiscal year)

	2017
College's proportion of the collective MPSERS net OPEB liability:	
As a percentage	0.57312%
Amount	$ 50,752,538
College's covered employee payroll	$ 47,565,876
College's proportionate share of the collective OPEB liability (amount), as a percentage of the College's covered employee payroll	106.70%
MPSERS fiduciary net position as a percentage of the total OPEB liability	36.53%

Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System
(amounts were determined as of June 30 of each fiscal year)

	2018
Statutorily required contribution	$ 3,376,239
Contributions in relation to the actuarially determined contractually required contribution	$ 3,376,239
Contribution deficiency (excess)	$ -
Covered employee payroll	$ 47,300,505
Contributions as a percentage of covered employee payroll	7.14%

Note to Required Supplemental Information
Benefit Changes – There were no changes of benefit terms for the plan year ended September 30, 2017

Changes in Assumptions – There were no changes of benefit assumptions for the plan year ended September 30, 2017

Other Supplemental Information

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	General Fund	Designated Fund	Retirement Fund	Auxiliary Fund
Assets				
Current assets:				
Cash and cash equivalents	$ 14,125,359	$ 4,303,000	$ -	$ 7,466,766
Accounts receivable - Net	5,752,046	884,835	-	61,812
Prepaid expenses and other current assets	269,933	100,249	-	14,220
Due (to) from other funds	(2,001,962)	(554,762)	-	96,066
Total current assets	18,145,376	4,733,322	-	7,638,864
Noncurrent assets:				
Accounts receivable - Net	-	-	-	-
Long-term investments	15,227,095	-	-	-
Unamortized bond discounts	-	-	-	-
Capital assets - Net	-	-	-	-
Total noncurrent assets	15,227,095	-	-	-
Total assets	33,372,471	4,733,322	-	7,638,864
Deferred Outflow of Resources	-	-	32,107,067	-
Liabilities				
Current liabilities:				
Accounts payable	605,210	332,783	-	362,241
Accrued salaries and related amounts	6,873,109	41,339	-	17,009
Unearned revenue	5,982,933	-	-	-
Interest payable	-	-	-	-
Long-term obligations - Current	2,218,558	-	-	-
Deposits held in custody for others	-	-	-	-
Total current liabilities	15,679,810	374,122	-	379,250
Noncurrent liabilities:				
Long-term obligations - Net of current portion	2,088,283	-	-	-
Net OPEB liability	-	-	50,752,538	-
Net pension liability	-	-	148,436,080	-
Total liabilities	17,768,093	374,122	199,188,618	379,250
Deferred Inflow of Resources	-	-	21,007,564	-
Net Position				
Net investment in capital assets	-	-	-	-
Unrestricted (deficit)	15,604,378	4,359,200	(188,089,115)	7,259,614
Total net position	**$ 15,604,378**	**$ 4,359,200**	**$ (188,089,115)**	**$ 7,259,614**

Combining Statement of Net Position
June 30, 2018

Expendable Restricted Fund	Agency Fund	Plant Fund	Total	Eliminations	Combined Total
$ -	$ 441,784	$ 11,500,768	$ 37,837,677	$ -	$ 37,837,677
240,401	-	-	6,939,094	-	6,939,094
-	-	-	384,402	-	384,402
24,501	(73,995)	2,510,152	-	-	-
264,902	367,789	14,010,920	45,161,173	-	45,161,173
-	-	1,172,474	1,172,474	-	1,172,474
-	-	15,000,000	30,227,095	-	30,227,095
-	-	173,205	173,205	-	173,205
-	-	144,367,226	144,367,226	-	144,367,226
-	-	160,712,905	175,940,000	-	175,940,000
264,902	367,789	174,723,825	221,101,173	-	221,101,173
-	-	-	32,107,067	-	32,107,067
195,598	14,489	1,443,066	2,953,387	-	2,953,387
69,304	-	-	7,000,761	-	7,000,761
-	-	-	5,982,933	-	5,982,933
-	-	282,835	282,835	-	282,835
-	-	5,945,992	8,164,550	-	8,164,550
-	353,300	-	353,300	-	353,300
264,902	367,789	7,671,893	24,737,766	-	24,737,766
-	-	36,977,441	39,065,724	-	39,065,724
-	-	-	50,752,538	-	50,752,538
-	-	-	148,436,080	-	148,436,080
264,902	367,789	44,649,334	262,992,108	-	262,992,108
-	-	-	21,007,564	-	21,007,564
-	-	104,060,022	104,060,022	-	104,060,022
-	-	26,014,470	(134,851,453)	-	(134,851,453)
$ -	**$ -**	**$ 130,074,492**	**$ (30,791,431)**	**$ -**	**$ (30,791,431)**

	General Fund	Designated Fund	Retirement Fund	Auxiliary Fund
Operating Revenue				
Tuition and fees - Net of scholarship allowance	$ 53,104,880	$ -	$ -	$ -
Federal grants and contracts	-	-	-	-
State grants and contracts	-	-	-	-
Private gifts, grants, and contracts	-	-	-	-
Sales and services of auxiliary activities	-	-	-	5,050,110
Seminars, workshops, and other revenue	1,973,972	3,159,955	-	-
Total operating revenue	55,078,852	3,159,955	-	5,050,110
Operating Expenses				
Instruction	49,415,877	1,478,669	(596,713)	-
Information Technology	7,658,628	-	(62,000)	-
Public service	1,589,399	99,363	(18,047)	-
Instructional support	13,119,960	56,985	(137,322)	-
Student services	9,169,080	683,227	(98,394)	4,085,909
Institutional administration	12,013,773	815,217	(109,431)	-
Physical plant operations	13,171,722	29,974	(96,248)	-
Depreciation	-	-	-	-
Total operating expenses	106,138,439	3,163,435	(1,118,155)	4,085,909
Operating (Loss) Income	(51,059,587)	(3,480)	1,118,155	964,201
Nonoperating Revenue (Expenses)				
State appropriations	27,906,047	-	-	-
Property taxes	30,982,865	-	-	-
Pell revenue	-	-	-	-
Interest income	798,567	-	-	-
Interest expense on bonds	-	-	-	-
Current fund expenditures for capital assets	-	-	-	-
Unrealized loss on investments	(45,390)	-	-	-
Contributions	-	-	-	-
Other revenue	-	-	255,636	-
Net nonoperating revenue (expenses)	59,642,089	-	255,636	-
Increase (Decrease) in Net Position - Before transfers	8,582,502	(3,480)	1,373,791	964,201
Transfers - Mandatory and nonmandatory	(6,625,250)	255,966	-	(580,000)
Increase in Net Position	1,957,252	252,486	1,373,791	384,201
Net Position - Beginning of year	13,647,126	4,106,714	(138,081,799)	6,875,413
Adjustment for change in accounting principle	-	-	(51,381,107)	-
Net Position - Beginning of year - As restated	13,647,126	4,106,714	(189,462,906)	6,875,413
Net Position - End of year	**$ 15,604,378**	**$ 4,359,200**	**$ (188,089,115)**	**$ 7,259,614**

Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2018
(with comparative totals for the year ended June 30, 2017)

Expendable Restricted Fund	Plant Fund	Total	Eliminations	2018	2017
$ -	$ -	$ 53,104,880	$ (11,474,633)	$ 41,630,247	$ 41,716,877
5,040,490	-	5,040,490	-	5,040,490	4,365,077
316,492	-	316,492	-	316,492	1,399,765
795,259	-	795,259	-	795,259	3,335,238
-	-	5,050,110	(592,417)	4,457,693	4,131,453
-	-	5,133,927	-	5,133,927	4,389,612
6,152,241	-	69,441,158	(12,067,050)	57,374,108	59,338,022
668,104	-	50,965,937	(363,591)	50,602,346	54,449,675
18,272	-	7,614,900	(25,590)	7,589,310	-
3,673,526	-	5,344,241	(33,723)	5,310,518	4,986,742
130,909	-	13,170,532	(404,865)	12,765,667	14,357,409
19,498,084	-	33,337,906	(11,749,145)	21,588,761	21,151,588
281,042	-	13,000,601	(76,812)	12,923,789	13,681,992
16,114	620,388	13,741,950	(12,056)	13,729,894	12,799,308
-	7,418,352	7,418,352	-	7,418,352	7,256,167
24,286,051	8,038,740	144,594,419	(12,665,782)	131,928,637	128,682,881
(18,133,810)	(8,038,740)	(75,153,261)	598,732	(74,554,529)	(69,344,859)
-	-	27,906,047	-	27,906,047	26,829,853
-	8,126,383	39,109,248	-	39,109,248	38,046,959
17,174,526	-	17,174,526	-	17,174,526	16,049,435
-	-	798,567	-	798,567	488,804
-	(1,784,514)	(1,784,514)	-	(1,784,514)	(980,598)
-	598,732	598,732	(598,732)	-	-
-	-	(45,390)	-	(45,390)	(43,086)
-	497,000	497,000	-	497,000	6,850,000
-	2,102,415	2,358,051	-	2,358,051	7,407,392
17,174,526	9,540,016	86,612,267	(598,732)	86,013,535	94,648,759
(959,284)	1,501,276	11,459,006	-	11,459,006	25,303,900
959,284	5,990,000	-	-	-	-
-	7,491,276	11,459,006	-	11,459,006	25,303,900
-	122,583,216	9,130,670	-	9,130,670	(16,173,230)
-	-	-	-	(51,381,107)	-
-	122,583,216	9,130,670	-	(42,250,437)	(16,173,230)
$ -	**$ 130,074,492**	**$ 20,589,676**	**$ -**	**$ (30,791,431)**	**$ 9,130,670**

Schedule of General Fund Revenue, Expenses, and Transfers - Budget to Actual

	Actual	Final Authorized Budget	Variance Favorable (Unfavorable)
Revenue			
Student tuition and fees	$ 53,104,880	$ 52,176,864	$ 928,016
Property taxes	30,982,865	30,979,300	3,565
State operating appropriations	27,906,047	27,902,896	3,151
Interest income	798,567	205,000	593,567
Seminars, workshops, and other revenue	1,928,582	1,775,079	153,503
Total revenue	114,720,941	113,039,139	1,681,802
Expenditures and Transfers			
Instruction	49,415,877	50,418,544	1,002,667
Information Technology	7,658,628	7,814,024	155,396
Public service	1,589,399	1,621,649	32,250
Instructional support	13,119,960	13,386,169	266,209
Student services	9,169,080	9,355,124	186,044
Institutional administration	12,013,773	12,257,537	243,764
Physical plant operations	13,171,722	13,438,981	267,259
Total expenditures	106,138,439	108,292,028	2,153,589
Transfers from (to) General Fund			
Designated fund support	255,966	255,966	-
Auxiliary activity fund support	(580,000)	(580,000)	-
Expendable restricted fund support	959,284	1,088,500	129,216
Maintenance, equipment, and technology support	5,990,000	2,090,000	(3,900,000)
Total transfers	6,625,250	2,854,466	(3,770,784)
Total expenditures and transfers	112,763,689	111,146,494	(1,617,195)
Revenue over expenditures and transfers	**$ 1,957,252**	**$ 1,892,645**	**$ 64,607**

Grand Rapids Community College

Schedule of Changes in Designated Fund
Year Ended June 30, 2018

	Net Position at June 30, 2017	Revenue	Expenditures	Transfers In	Net Position at June 30, 2018
Training solutions	$ 360,165	$ 2,327,840	$ 2,074,424	$ -	$ 613,581
Diversity lecture series	33,364	20,000	39,802	-	13,562
Ford concessions	20,354	20,701	19,335	-	21,720
Ford equipment	243,523	15,050	23,614	-	234,959
HED Programs	209,674	36,903	55,557	-	191,020
Institutional research	72,148	56,827	63,026	-	65,949
Auto technologies	11,886	13,268	14,308	-	10,846
Occupational training	24,334	44,795	41,295	-	27,834
Older Learners Center	76,154	-	4,732	-	71,422
Strategic Leadership Team	137,691	-	106,562	185,500	216,629
Budget stabilization	1,937,762	-	-	-	1,937,762
Other designated programs	979,659	624,571	720,780	70,466	953,916
Total	**$ 4,106,714**	**$ 3,159,955**	**$ 3,163,435**	**$ 255,966**	**$ 4,359,200**

Grand Rapids Community College

Schedule of Changes in Auxiliary Fund
Year Ended June 30, 2018

	Bookstore	Food Service	Parking	Printing Services	Total
Revenue -					
Sales and fees	$ 493,845	$ 1,123,282	$ 2,565,098	$ 867,885	$ 5,050,110
Expenditures					
Cost of sales	-	928,729	496,031	299,992	1,724,752
Salaries, w ages, and benefits	41,220	230,193	17,497	458,851	747,761
Capital outlay	23,151	12,482	1,084,481	303,619	1,423,733
Other operating expenses	189,663	-	-	-	189,663
Total expenditures	254,034	1,171,404	1,598,009	1,062,462	4,085,909
Transfers Out	-	-	580,000	-	580,000
Total expenditures and transfers out	254,034	1,171,404	2,178,009	1,062,462	4,665,909
Excess (Deficit) of Revenue Over Expenditures and Transfers Out	239,811	(48,122)	387,089	(194,577)	384,201
Net Position - July 1, 2017	2,723,753	315,937	3,607,494	228,229	6,875,413
Net Position - June 30, 2018	**$ 2,963,564**	**$ 267,815**	**$ 3,994,583**	**$ 33,652**	**$ 7,259,614**

Grand Rapids Community College

Schedule of Changes in Expendable Restricted Fund
Year Ended June 30, 2018

	Net Position at July 1, 2017	Revenue	Expenditures	Transfers In	Net Position at June 30, 2018
Specially funded:					
American Apprenticeship Initiative - DOL	$ -	$ 390,058	$ 390,058	$ -	$ -
America's Promise - DOL	-	1,319,591	1,319,591	-	-
Campus Suicide Prevention Grant	-	59,574	59,574	-	-
Early Childhood	-	555,475	614,443	58,968	-
Frey Foundation	-	262,661	262,661	-	-
Learning Corner	-	169,006	169,006	-	-
Michigan New Jobs Training	-	859,107	859,107	-	-
Motorcycle Safety Program	-	108,918	108,918	-	-
Older Learner	-	24,205	24,205	-	-
Student Support Services	-	376,541	405,076	28,535	-
DOL TAACCCT- MI Coalition for Advanced Manufacturing	-	29,605	29,605	-	-
Tassell Foundation	-	218,141	218,141	-	-
Upward Bound	-	152,939	152,939	-	-
Vocational Education	-	718,209	1,589,990	871,781	-
Miscellaneous - Other	-	211,335	211,335	-	-
Total	-	5,455,365	6,414,649	959,284	-
Student financial aid:					
Federal Pell Grant Program	-	17,174,526	17,174,526	-	-
Federal Supplemental Education Opportunity Grant Program	-	311,089	311,089	-	-
Federal Work Study	-	385,787	385,787	-	-
Total	$ -	$ 23,326,767	$ 24,286,051	$ 959,284	$ -

Grand Rapids Community College

Schedule of Bonded Debt
Year Ended June 30, 2018

	2016 Refunding Bonds		Series 2009		Series 2012		Series 2012 (Facilities)		Series 2013		Series 2018		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 1,615,000	$ 16,958	$ 600,000	$ 336,220	$ 505,000	$ 73,006	$ 1,100,000	$ 886,468	$ 535,000	$ 53,750	$ 1,370,000	$ 132,322	$ 5,725,000	$ 1,498,724
2020	-	-	650,000	315,980	505,000	52,806	1,155,000	831,468	535,000	43,050	1,350,000	89,718	4,195,000	1,333,022
2021	-	-	700,000	291,940	505,000	32,606	1,210,000	773,718	535,000	27,000	1,310,000	61,368	4,260,000	1,186,632
2022	-	-	725,000	266,050	200,000	12,406	1,270,000	713,218	365,000	10,950	1,275,000	31,238	3,835,000	1,033,862
2023	-	-	750,000	237,822	205,000	6,406	1,335,000	649,718	-	-	-	-	2,290,000	893,946
2024	-	-	775,000	208,621	-	-	1,400,000	582,968	-	-	-	-	2,175,000	791,589
2025	-	-	800,000	177,691	-	-	1,470,000	512,968	-	-	-	-	2,270,000	690,659
2026	-	-	825,000	145,763	-	-	1,530,000	454,168	-	-	-	-	2,355,000	599,931
2027	-	-	850,000	110,906	-	-	1,580,000	402,532	-	-	-	-	2,430,000	513,438
2028	-	-	875,000	74,985	-	-	1,635,000	347,232	-	-	-	-	2,510,000	422,217
2029	-	-	900,000	38,034	-	-	1,695,000	290,006	-	-	-	-	2,595,000	328,040
2030	-	-	-	-	-	-	1,755,000	228,562	-	-	-	-	1,755,000	228,562
2031	-	-	-	-	-	-	1,845,000	140,812	-	-	-	-	1,845,000	140,812
2032	-	-	-	-	-	-	1,910,000	71,626	-	-	-	-	1,910,000	71,626
Total	**$ 1,615,000**	**$ 16,958**	**$ 8,450,000**	**$ 2,204,012**	**$ 1,920,000**	**$ 177,230**	**$ 20,890,000**	**$ 6,885,464**	**$ 1,970,000**	**$ 134,750**	**$ 5,305,000**	**$ 314,646**	**$ 40,150,000**	**$ 9,733,060**