Grand Rapids Community College

Financial Report

with Supplemental Information

June 30, 2020

Grand Rapids Community College

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, 2020 and 2019 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, 2020 and 2019 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 described in Note 1 to the financial statements, the COVID-19 pandemic has impacted the operations of the College. 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 of the College's proportionate share of the net pension liability, schedule of pension contributions, schedule of the College's proportionate share of the 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 opinions 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 19, 2020 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 19, 2020

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, 2020, 2019, and 2018. 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)

	2020	2019	2018
Assets			
Current assets	$ 41,762	$ 36,744	$ 45,161
Noncurrent assets:			
Capital assets - Net of depreciation	159,665	146,741	144,367
Investments and other long-term assets	42,943	45,590	31,573
Total assets	244,370	229,075	221,101
Deferred Outflow of Resources	59,495	59,798	32,107
Liabilities			
Current liabilities	29,573	25,405	24,738
Noncurrent liabilities:			
Long-term debt	30,683	34,244	39,065
Net OPEB liability	37,760	43,675	50,753
Net pension liability	179,249	168,471	148,436
Total liabilities	277,265	271,795	262,992
Deferred Inflow of Resources	37,462	36,575	21,008
Net Position			
Net investment in capital assets	129,469	113,032	104,060
Unrestricted (deficit)	(140,331)	(132,529)	(134,851)
Total net position	**$ (10,862)**	**$ (19,497)**	**$ (30,791)**

Current assets are comprised primarily of cash and cash equivalents, which total $34.0, $27.0, and $37.8 million for 2020, 2019, and 2018, 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 liquidity. Receivables resulting from tuition and fees, student loans, and federal, state, and local grants and appropriations ($7.4, $9.5, and $6.9 million for 2020, 2019, and 2018, 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 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 decreased $2.7 from 2020 to 2019 as the College utilized savings to fund various renovations and deferred maintenance projects.

Current liabilities are comprised primarily of employee compensation and vendor payments, representing 48 percent, 43 percent, and 40 percent of current liabilities for 2020, 2019, and 2018, 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 23 percent, 27 percent, and 35 percent of current liabilities for 2020, 2019, and 2018, 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, 2020) 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 $39.1 million in 2018 to $34.2 million in 2019 to $30.7 million in 2020 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 $179.2 million at June 30, 2020, $168.5 million at June 30, 2019, and $148.4 million at June 30, 2018 and a net OPEB liability of $37.8 million at June 30, 2020, $43.7 million at June 30, 2019, and $50.8 million at June 30, 2018. In accordance with the statement, the College is also required to report deferred outflows and deferred inflows. Deferred outflows are $59.5 million as of June 30, 2020, $59.8 million as of June 30, 2019, and $32.1 million as of June 30, 2018. Deferred inflows are $37.5 million as of June 30, 2020, $36.6 million as of June 30, 2019, and $21.0 million as of June 30, 2018.

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.

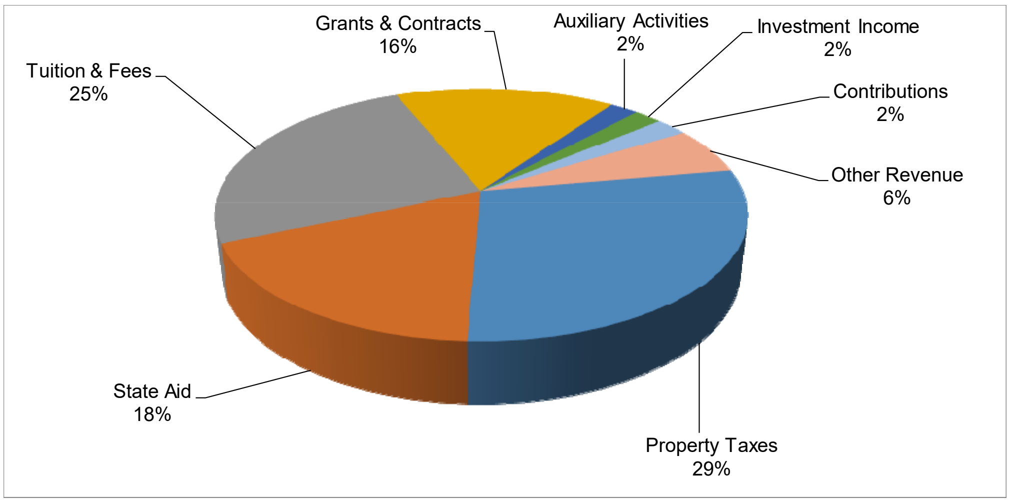
The following are the major components of the College's revenue and expenses (in thousands) for the years ended June 30:

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

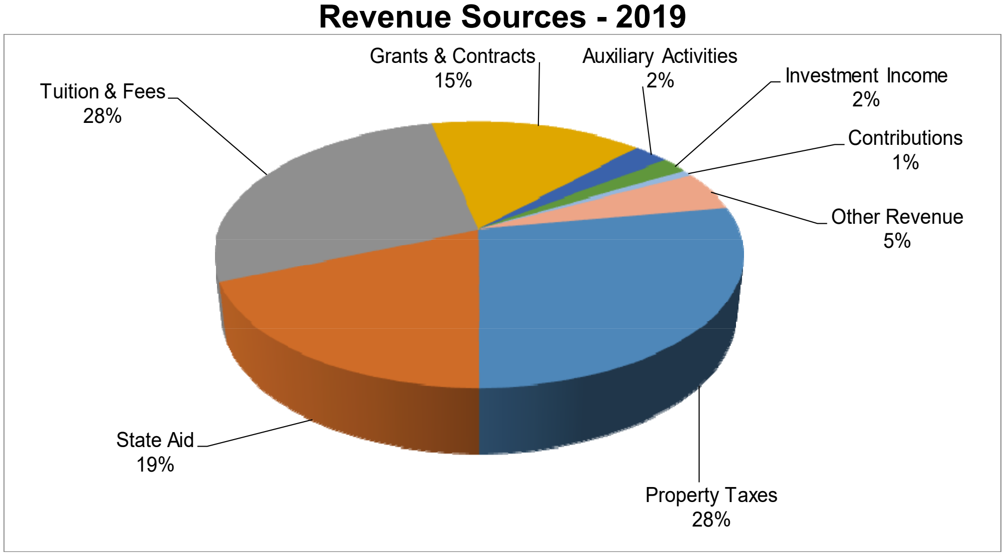
	2020	2019	2018
Operating Revenue			
Tuition and fees - Net	$ 37,808	$ 40,788	$ 41,630
Grants and contracts	8,275	6,827	6,152
Sales and services of auxiliary activities	3,055	3,803	4,458
Other sources	4,540	5,290	5,134
Total operating revenue	53,678	56,708	57,374
Operating Expenses			
Instruction	53,365	50,814	50,602
Information Technology	8,474	7,887	7,589
Public service	6,937	5,634	5,311
Instructional support	13,895	13,311	12,766
Student services	22,381	21,706	21,589
Institutional administration	13,804	12,651	12,924
Physical plant operations	13,855	15,112	13,730
Depreciation	7,088	7,235	7,418
Total operating expenses	139,799	134,350	131,929
Operating Loss	(86,121)	(77,642)	(74,555)
Nonoperating Revenue (Expenses)			
State appropriations	26,817	27,833	27,906
Property taxes	42,605	40,819	39,109
Federal Pell grant	15,662	16,049	17,175
Investment income	3,025	2,801	799
Interest expense on bonds	(1,330)	(1,483)	(1,785)
Higher Education Emergency Relief Funds	2,417	-	-
Contributions	3,500	1,122	497
Other revenue	2,060	1,795	2,313
Net nonoperating revenue	94,756	88,936	86,014
Increase in Net Position	8,635	11,294	11,459
Net Position - Beginning of year	(19,497)	(30,791)	9,131
Adjustment for Change in Accounting Principle	-	-	(51,381)
Net Position - End of year	**$ (10,862)**	**$ (19,497)**	**$ (30,791)**

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, 2020 and 2019:

Revenue Sources – 2020



Revenue Sources - 2019



Property tax revenue (29 percent, 28 percent, and 27 percent of revenue for 2020, 2019, and 2018, 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 1.7606 for 2020, 1.7716 for 2019, and 1.7788 mills for 2018.

Student tuition and fees (25 percent, 28 percent, and 29 percent of revenue for 2020, 2019, and 2018, 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 2020 and 2019, thus placing an ever increasing share of the responsibility for funding the institution on students. However, larger increases in property tax revenue in 2020 allowed the College to minimize the impact on tuition increase to students. Billing units in 2020 declined by approximately 6 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 $10.1 million, $10.4 million, and $11.5 million for 2020, 2019, and 2018, 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 2020, 2019, and 2018 is due to lower enrollment levels and fewer student loans.

Grants and contracts (16 percent for 2020, 15 percent for 2019, and 16 percent for 2018, respectively) 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. To assist with the economic impact of the pandemic, the College was awarded Higher Education Emergency Relief Fund (HEERF) Grants of $6.8 million of which 50% is required to be given to students as emergency grants. In addition, the College also received approximately $340,000 in Strengthening Institutions Program grants also from HEERF. As of June 30, 2020, the College had spent $1.8 million in emergency grants to students and approximately $600,000 in institutional support.

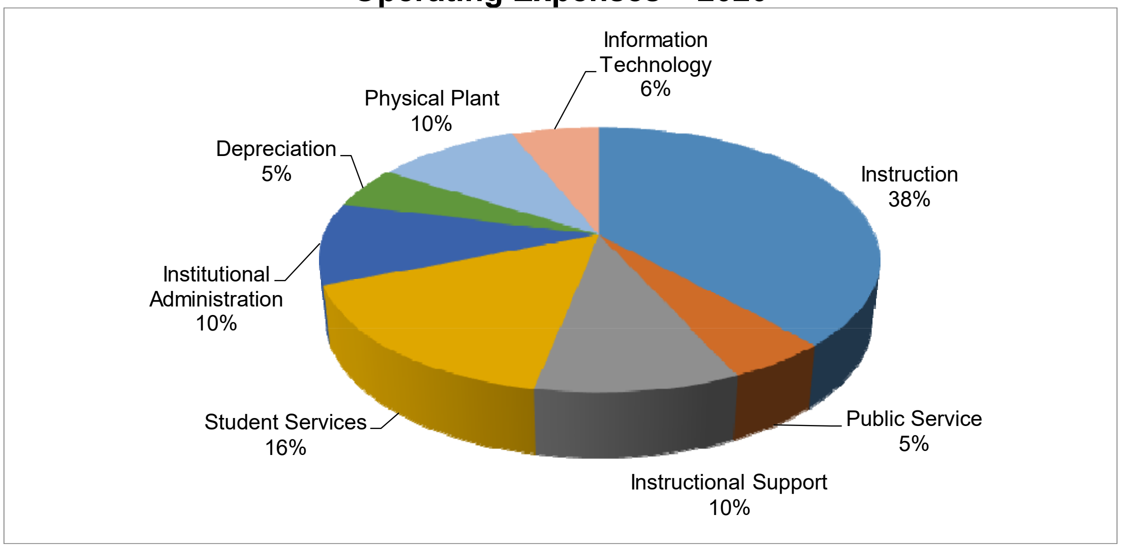
State appropriations (18 percent for 2020 and 19 percent for 2019 and 2018, respectively) remained consistent along with the MPSERS UAAL subsidy that is remitted back to the State. In addition, approximately $1.8 million and $1.9 million in personal property tax reimbursement was also allocated to state appropriations in 2020 and 2019, respectively.

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

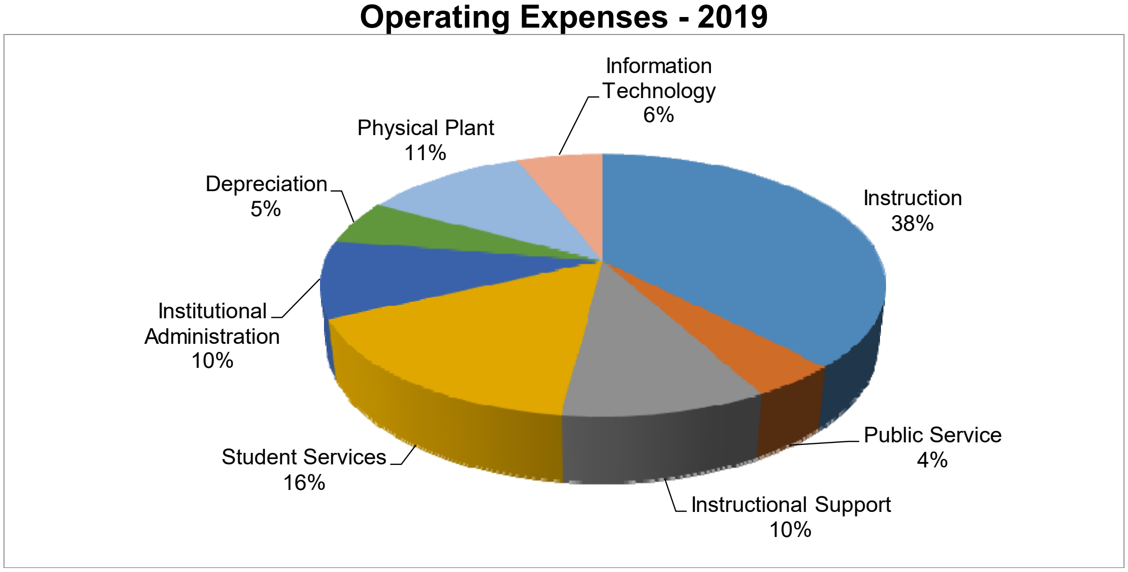
- Auxiliary activities, which include the College's parking ramps, food service, bookstore, media services, and printing operations. The day-to-day operations of the parking ramps, bookstore, and food service are managed by external providers through a variety of rental and management agreements.
- Seminars 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 2020 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 unrealized gains (losses) in the investment portfolios of approximately $1,631,000, $905,000, and ($45,000) in 2020, 2019, and 2018, 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, 2020 and 2019, the following shows the breakdown of operating expenses:

Operating Expenses – 2020



Operating Expenses - 2019



The College expends the largest percentage (38 percent in 2020, 2019, and 2018) 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 2020, 2019, and 2018) 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 2020, 2019, and 2018) 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 2020, 2019, and 2018) includes expenditures for the president's office, research and planning, and financial and business services functions.

Physical plant operations (10 percent in 2020, 11 percent in 2019, and 10 percent in 2018) and depreciation (5 percent in 2020 and 2019 and 6 percent in 2018) 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 (5 percent in 2020 and 4 percent in 2019 and 2018) 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.

Information technology expenditures (6 percent in 2020, 2019, and 2018) include all costs associated with providing software, hardware, network, and infrastructure for the instructional and administrative computing needs of the College. The increase is reflective of the ongoing cost of providing current technology and information security to support college operations.

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, 2020, 2019, and 2018 include:

- Cash used in operating activities totaled $67.8 million ($68.8 million in 2019 and $66.2 million in 2018) with the most significant use of cash flow being in the form of payments related to employee compensation and fringe benefits of $95.8 million ($95.4 million in 2019 and $95.2 million in 2018). Payments to vendors ($17.6 million in 2020, $20.9 million in 2019, and $20.0 million in 2018) and for building utilities ($3.4 million in 2020, $3.5 million in 2019, and $3.6 million in 2018) also represent use of cash for operations. These operating uses of cash, including payments to students for scholarships and grants ($16.4 million in 2020, $16.8 million in 2019, and $17.9 million in 2018), were offset by cash provided by operations from tuition and fees collected of $48.9 million ($52.3 million in 2019 and $53.6 million in 2018), federal, state, and local grants and contracts collected of $8.3 million ($5.6 million in 2019 and $6.8 million in 2018), auxiliary sales of $3.6 million ($4.7 million in 2019 and $5.1 million in 2018), and other cash collections of $4.5 million ($5.3 million in 2019 and $5.1 million in 2018) primarily from rentals, seminars, and workshops.

- Noncapital financing activities provided $91.0 million ($86.0 million in 2019 and $84.4 million in 2018) in cash flow for the College, the most significant sources being local property taxes collected of $42.6 million ($40.8 million in 2019 and $39.1 million in 2018), federal Pell grants for students of $15.7 million ($16.0 million in 2019 and $17.2 million in 2018), federal Higher Education Emergency Relief funds of $2.4 million, and state appropriations of $26.8 million ($28.0 million in 2019 and $27.6 million in 2018). Gifts and contributions account for the remainder of cash provided by noncapital financing activities.

- The College used approximately $23.9 million in cash in 2020 ($17.5 million in 2019 and $20.9 million in 2018) of cash from capital and related financing activities. Purchase of capital assets used $18.4 million ($9.5 million in 2019 and $5.4 million in 2018). Principal paid on capital debt and leases of $4.1 million ($6.5 million 2019 and $13.8 million in 2018) and interest paid on debt and capital leases of $1.3 million ($1.5 million in 2019 and $1.8 million in 2018) accounted for the remainder of the use of cash from capital and related financing activities in 2020.

- Investing activities received $7.7 million of cash in 2020 (compared to using $10.6 million in 2019 and $8.8 million in 2018). 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 $2.2 million in cash (compared to $1.9 million in 2019 and $0.8 million in 2018), reflecting slightly higher interest rates and smaller average balances in lower-earning sweep accounts.

Capital Assets and Debt Administration

At June 30, 2020, 2019, and 2018, the College had $159.7, $146.7, and $144.4 million invested in capital assets, net of accumulated depreciation of approximately $126.6, $121.1, and $114.4 million, respectively. Depreciation charges were $7.1, $7.2, and $7.4 million in 2020, 2019, and 2018, respectively.

During 2020, capital asset additions totaled $20.1 million. $12.7 million was for current construction in progress that includes significant renovations to the Applied Technology Center, Mable Engle Hall and Finkelstein Hall. The remaining $7.4 million includes the renovation of Lettinga Hall, the purchase of a new Lakeshore campus property and various purchases of instructional equipment and furniture, library resources, vehicle replacements, technology expenditures, and minor deferred maintenance projects.

During 2019, capital asset additions totaled $13.8 million. Included in this total is $4.2 million in completed building renovations, largely for the Ford Fieldhouse. Included in the remaining additions are various purchases of instructional equipment and furniture, library resources, vehicle replacements, technology expenditures, and minor deferred maintenance projects.

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.

Capital expenditures in 2021 will include the completion of the renovation of the Applied Technology Center and Mable Engle. Other projects will include renovation to the Lakeshore campus, ongoing deferred maintenance, campus safety and security enhancements, and equipment and technology replacements and upgrades.

At June 30, 2020, the College had $277.3 million in long-term obligations outstanding ($271.8 million in 2019 and $263.0 million in 2018), which includes a net pension liability of $179.2 million ($168.5 million in 2019 and $148.4 million in 2018) and a net OPEB liability of $37.8 million ($43.7 million in 2019 and $50.8 in 2018) (see Note 10). Capital debt and lease obligations totaled $30.1 million ($33.7 million in 2019 and $40.3 million in 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 2020. 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 2021, we've budgeted for an increase of 4.5 percent, despite a small Headlee Rollback resulting in a reduction from 1.7606 mills to 1.7472 mills. With the improving home sales and new construction, we are optimistic that this trend will continue.

Enrollment levels, which have declined for the eighth year in a row, are being watched closely. With an 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. 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.

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. Private donations have provided funding for improvements to nearly every building on campus along with the purchase of a new building strategically located to serve the Ottawa County residents. 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.

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 2020 and beyond.

Impact of the COVID 19 Pandemic

Effective March 15, 2020 the College suspended all on-ground classes and transferred the large majority of them to an online format. Classes that included a laboratory component which could not be effectively delivered in a remote format were put on hold. The College offered all students enrolled in classes that were originally scheduled on-ground and moved online a one-time option to withdraw from courses and retake them at a later date (within one year) without penalty. While most students elected to remain in classes and completed them remotely, there were approximately 1,400 students that elected to withdraw and to date 497 have of them have signed up to retake courses. The College has accounted for the cost of the retake in the 2020-21 budget. The offer of retake has been extended through the Winter 2021 semester.

The summer 2020 session was delivered entirely online. Enrollment exceeded projections. State aid funding makes up approximately 19% of the College's operating revenues. This revenue is received in eleven equal payments beginning in October and running monthly through the following August. Payments received in July and August are accrued back to the prior (in this case 2019-20) fiscal year. The College was informed in late July that, due to significant revenue shortfall at the State level, the 2019-20 state revenue allocation would be reduced by 11% or $2.1 million. This reduction will be pulled from the August state aid payment, with the balance to be taken from the October 2020 payment. The College will be provided with dollar for dollar replacement of the lost revenue through federal Coronavirus Relief Funds (CRF). Those funds are to be provided to the College in August and will have restrictions on use tied directly to the impact of the Pandemic. The College will also utilize the unspent portion of the Higher Education Emergency Relief Funds in the 2020-2021 fiscal year for COVID 19 related expenditures and lost revenue.

The College has a plan to limit on-ground student participation for the Fall 2020 semester to a minimal level. The majority of classes for the Fall 2020 semester will be delivered online, along with some on-ground courses and hybrid course options where students may come to campus less frequently with faculty using remote options between face to face meetings.

Despite the state revenue reduction, the College will close the 2019-20 fiscal year adding more than $1.3 million to fund equity. The revenue reduction was more than offset by reductions in expense related to a delay on filling any vacant positions, elimination of positions for student employees and many part time employees during the last two months of the fiscal year, and a general lack of spending on supplies and materials, travel, professional development, and other costs due to the pandemic.

The College has adopted a balanced budget for the 2020-21 fiscal year. The budget includes an estimated reduction in state funding of 15% cut (approximately $2.8 million) and a 3% decline in enrollment in the budget. Subsequent to year-end, the State of Michigan passed a budget with flat appropriations for the College. In addition, actual enrollment for Fall 2020 billing units was down approximately 6% compared to budget. The College will incorporate these actual changes into the budget as part of the mid-year budget cycle process. The College also closed the prior fiscal year with a fund equity of over 17% and a budget stabilization reserve of an additional $1.9 million that could be used to offset any additional losses.

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Grand Rapids Community College

Statement of Net Position

	June 30 2020	June 30 2019
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 34,023,425	$ 26,990,079
Accounts receivable - Net (Note 6)	7,372,998	9,452,545
Prepaid expenses and other current assets	365,920	301,671
Total current assets	41,762,343	36,744,295
Noncurrent assets:		
Accounts receivable - Net (Note 6)	193,169	116,519
Long-term investments (Note 3)	42,593,817	45,302,521
Unamortized bond discount	155,667	170,515
Capital assets - Net (Note 7)	159,665,428	146,741,228
Total noncurrent assets	202,608,081	192,330,783
Total assets	244,370,424	229,075,078
Deferred Outflow of Resources (Note 10)	59,495,357	59,797,784
Liabilities		
Current liabilities:		
Accounts payable	6,134,314	3,323,724
Accrued salaries and related amounts	8,366,452	7,675,865
Unearned revenue	8,046,166	7,123,732
Interest payable	200,597	250,904
Long-term obligations - Current (Note 8)	6,445,164	6,663,276
Deposits held in custody for others	380,846	367,390
Total current liabilities	29,573,539	25,404,891
Noncurrent liabilities:		
Long-term obligations - Net of current portion (Note 8)	30,683,024	34,244,413
Net OPEB liability (Note 10)	37,760,595	43,674,707
Net pension liability (Note 10)	179,249,084	168,470,788
Total liabilities	277,266,242	271,794,799
Deferred Inflow of Resources (Note 10)	37,461,520	36,575,069
Net Position		
Net investment in capital assets	129,468,668	113,031,728
Unrestricted deficit	(140,330,649)	(132,528,734)
Total net position	**$ (10,861,981)**	**$ (19,497,006)**

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

Grand Rapids Community College

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2020	2019
Operating Revenue		
Tuition and fees - Net of scholarship allowance of $10,143,094 and $10,361,813 for 2020 and 2019, respectively	$ 37,807,915	$ 40,787,734
Federal grants and contracts	5,267,076	5,416,703
State grants and contracts	1,777,442	289,072
Private gifts, grants, and contracts	1,230,246	1,121,549
Sales and services of auxiliary activities	3,055,161	3,803,150
Seminars, workshops, and other revenue	4,539,909	5,289,919
Total operating revenue	53,677,749	56,708,127
Operating Expenses		
Instruction	53,365,022	50,814,280
Information technology	8,474,302	7,887,065
Public service	6,937,038	5,634,116
Instructional support	13,895,320	13,311,123
Student services	22,380,539	21,705,860
Institutional administration	13,803,541	12,650,919
Physical plant operations	13,854,609	15,111,683
Depreciation	7,088,734	7,234,635
Total operating expenses	139,799,105	134,349,681
Operating Loss	(86,121,356)	(77,641,554)
Nonoperating Revenue (Expenses)		
State appropriations	26,817,191	27,833,363
Property taxes	42,604,634	40,819,225
Pell revenue	15,662,290	16,049,411
Interest income	2,231,416	1,893,897
Interest expense on bonds	(1,329,895)	(1,482,980)
Unrealized gain on investments	793,999	905,302
Higher Education Emergency Relief Funds	2,416,876	-
Contributions	3,500,000	1,122,397
Other revenue	2,059,870	1,795,364
Net nonoperating revenue	94,756,381	88,935,979
Increase in Net Position	8,635,025	11,294,425
Net Position - Beginning of year	(19,497,006)	(30,791,431)
Net Position - End of year	**$ (10,861,981)**	**$ (19,497,006)**

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

Grand Rapids Community College

Statement of Cash Flows

	Year Ended June 30	
	2020	2019
Cash Flows from Operating Activities		
Tuition and fees	$ 48,873,443	$ 52,290,346
Grants and contracts	8,278,002	5,614,808
Payments to suppliers	(17,634,171)	(20,885,879)
Payments for utilities	(3,359,441)	(3,533,749)
Payments to employees	(60,702,218)	(60,452,985)
Payments for benefits	(35,085,199)	(34,915,435)
Payments for scholarships and grants	(16,379,879)	(16,838,373)
Auxiliary enterprise charges - Net	3,641,072	4,654,418
Other	4,539,909	5,289,919
Net cash used in operating activities	(67,828,482)	(68,776,930)
Cash Flows from Noncapital Financing Activities		
Local property taxes	42,604,634	40,819,225
Noncapital contributions	3,500,000	1,122,397
Federal direct lending receipts	11,617,379	13,400,278
Federal direct lending disbursements	(11,617,379)	(13,400,278)
Federal Pell grant	15,662,290	16,049,411
Higher Education Emergency Relief Funds	2,416,876	-
State appropriations	26,817,191	28,018,975
Net cash provided by noncapital financing activities	91,000,991	86,010,008
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(18,439,483)	(9,509,580)
Principal paid on long-term obligations including capital debt	(4,102,600)	(6,500,000)
Interest paid on capital debt	(1,329,895)	(1,482,980)
Net cash used in capital and related financing activities	(23,871,978)	(17,492,560)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	156,317,497	114,397,770
Purchase of investments	(150,816,398)	(126,879,783)
Interest on investments	2,231,416	1,893,897
Net cash provided by (used in) investing activities	7,732,515	(10,588,116)
Net Increase (Decrease) in Cash and Cash Equivalents	7,033,046	(10,847,598)
Cash and Cash Equivalents - Beginning of year	26,990,079	37,837,677
Cash and Cash Equivalents - End of year	**$ 34,023,125**	**$ 26,990,079**

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2020	2019
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (86,121,356)	$ (77,641,554)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	7,088,734	7,234,635
Change in assets and liabilities:		
Accounts receivable	2,002,897	(1,457,496)
Other assets	(49,401)	85,421
Accounts payable and accrued liabilities	3,501,177	1,045,441
Unearned revenue	922,434	1,140,799
Deposits held in custody for others	13,456	14,090
Interest payable	(50,307)	(31,931)
Net OPEB liability	(5,914,112)	(7,077,831)
Net pension liability	10,778,296	7,911,496
Net cash used in operating activities	**$ (67,828,182)**	**$ (68,776,930)**

There were no noncash activities during 2020 or 2019.

Discretely Presented Component Unit
Grand Rapids Community College Foundation

Statement of Financial Position

	June 30	
	2020	2019
Assets		
Cash and cash equivalents	$ 11,416,283	$ 5,074,487
Other current assets	78,568	76,113
Long-term investments	29,478,115	26,970,701
Contribution receivable - Net (Note 5)	4,869,477	7,125,905
Total assets	**$ 45,842,443**	**$ 39,247,206**
Liabilities - Scholarships payable and related amounts	$ 2,360,376	$ 1,556,987
Net Assets		
Without donor restrictions	13,536,907	6,989,841
With donor restrictions	29,945,160	30,700,378
Total net assets	43,482,067	37,690,219
Total liabilities and net assets	**$ 45,842,443**	**$ 39,247,206**

Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2020	2019
Revenue		
Investment income	$ 683,611	$ 1,998,720
Contributions from the College	156,596	168,934
Contributions	11,612,491	10,008,972
Total revenue	12,452,698	12,176,626
Expenses		
Scholarships and grants expense	5,934,630	3,451,648
General and administrative	250,864	223,846
Fundraising	475,356	509,804
Total expenditures	6,660,850	4,185,298
Change in Net Assets	5,791,848	7,991,328
Net Assets - Beginning of year	37,690,219	29,698,891
Net Assets - End of year	**$ 43,482,067**	**$ 37,690,219**

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 using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

In addition, 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 2020 includes property taxes that were levied on July 1, 2019 and generally collected before September 30, 2019, and revenue for fiscal year 2019 includes property taxes that were levied on July 1, 2018 and generally collected before September 30, 2018. 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, 2020 and 2019. 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 acquisition 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 restrictions 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, 2020 and 2019, the College distributed $11,617,379 and $13,400,287, 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)

Impact of Pandemic - On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic, now known as COVID-19. In response to the COVID-19 pandemic, governments have taken preventative or protective actions, such as temporary closures of non-essential businesses and “shelter-at-home” guidelines for individuals. As a result, the global economy has been negatively affected, and the College's operations were also impacted. Due to the “shelter-at-home” guidelines during April and May, the College shifted to a remote online learning environment. To offset the financial impact to students and the losses incurred by the College due to the disruption caused by COVID-19, the College received grants and other relief primarily from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The College was allocated Higher Education Emergency Relief Fund (HEERF) grants totaling $6.8 million, of which 50 percent was required to be given directly to students. The College also received a grant for $340,000 under the HEERF Strengthening Institutions Program (SIP). For the year ended June 30, 2020, the College recognized HEERF grant revenue totaling $2,416,876. In July 2020, the College also received other emergency relief in the form of Coronavirus Relief Funds (CRF) funds of $2.1 million. The severity of the continued impact due to COVID-19 on the College’s financial condition, results of operations or cash flows will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the College's community, all of which are uncertain and cannot be predicted.

Subsequent Events - Subsequent to year end, the College issued $18,285,000 in general obligation bonds (2020 Series Bonds) with an average interest rate of 1.48 percent. The 2020 Refunding Bonds were issued to refund $18,285,000 of the outstanding $18,635,000 of 2012 Facilities Series Bonds with an average interest rate of 3.39 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 2012 Facilities Series Bonds. The advance refunding resulted in future debt service payments being reduced by the net present value of approximately $1,648,000. The principal and interest on the 2020 Series Bonds will be paid primarily from property tax levies. The bonds bear interest ranging from .42 percent to 1.90 percent and have remaining annual maturities ranging from $1,755,000 to $1,940,000. The bonds mature in 2032.

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.

Note 2 - Property Taxes (Continued)

During the years ended June 30, 2020 and 2019, $1.7606 and $1.7716, 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 $42,604,634 and $40,819,225 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019:

	2020	2019
Cash and cash equivalents	$ 34,023,425	$ 26,990,079
Long-term investments	42,593,817	45,302,521
Total cash and investments	$ 76,617,242	$ 72,292,600

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, 2020, the College had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Cash and money market accounts	$ 30,538,093	$ 30,538,093	$ -	$ -
Bonds and notes	4,626,569	783,323	3,242,439	600,807
U.S. agency securities	41,452,580	2,702,009	18,831,161	19,919,410
Total	$ 76,617,242	$ 34,023,425	$ 22,073,600	$ 20,520,217

Note 3 - Cash and Investments (Continued)

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

	Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Cash and money market accounts	$ 26,281,712	$ 26,281,712	$ -	$ -
Certificates of deposit	2,572,972	-	2,072,972	500,000
Commercial paper	708,367	708,367	-	-
Bonds and notes	2,699,473	-	2,699,473	-
U.S. agency securities	40,030,076	-	10,964,325	29,065,751
Total	$ 72,292,600	$ 26,990,079	$ 15,736,770	$ 29,565,751

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.

At June 30, 2020 and 2019, the College's investments (notes and bonds) subject to credit risk (interest rate fluctuations and related ratings consisted of the following:

	June 30, 2020 S&P Quality Rating				
	AAA	AA+	AA	Not Rated	Total
Bonds and Notes	$ 3,772,754	$ -	$ 479,792	$ 374,023	$ 4,626,569
U.S. Agency Securities	-	41,452,580	-	-	41,452,580
Total	$ 3,772,754	$ 41,452,580	$ 479,792	$ 374,023	$ 46,079,149

	June 30, 2019 S&P Quality Rating				
	AAA	AA+	A-1	Not Rated	Total
Commercial Paper	$ -	$ -	$ 708,367	$ -	$ 708,367
Bonds and Notes	2,699,473	-	-	-	2,699,473
U.S. Agency Securities	-	40,030,076	-	-	40,030,076
Certificates of Deposit	-	-	-	2,572,972	2,572,972
Total	$ 2,699,473	$ 40,030,076	$ 708,367	$ 2,572,972	$ 46,010,888

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

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, 2020 and 2019, the carrying amount of the College's deposits was $11,177,738 and $9,626,520, respectively. Of that amount, $500,000 and $1,000,000 for 2020 and 2019, respectively, was insured by the Federal Deposit Insurance Corporation. The remaining $10,677,738 and $8,626,520 at June 30, 2020 and 2019, 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.

Note 3 - Cash and Investments (Continued)

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	2020	2019
Michigan Class	6%	11%
PNC Bank	13%	9%
Michigan Liquid Asset Fund - Money Markets	20%	16%
United States Agencies and Treasuries	54%	35%

Investments at Grand Rapids Community College Foundation are as follows:

	June 30, 2020		June 30, 2019	
	Cost	Fair Value	Cost	Fair Value
Bonds	$ 9,801,643	$ 10,344,742	$ 9,048,602	$ 9,204,305
Common stock	13,685,330	19,133,373	11,677,168	17,766,396
Total	$ 23,486,973	$ 29,478,115	$ 20,725,770	$ 26,970,701

Net gains from security transactions for the Foundation for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Unrealized appreciation (depreciation)	$ (253,789)	$ 979,700
Realized gains	461,143	616,374
Total	$ 207,354	$ 1,596,074

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 $639,194 at June 30, 2020 and $578,008 at June 30, 2019 plus realized and unrealized gains from above less investment fees of $162,937 at June 30, 2020 and $170,362 at June 30, 2019.

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.

The College has the following recurring fair value measurements as of June 30, 2020 and 2019:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2020	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	$ 41,452,580	$ -	$ 41,452,580	$ -
Bonds and Notes	4,626,569	-	4,626,569	-
Total investments by fair value level	$ 46,079,149	$ -	$ 46,079,149	$ -

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2019	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	$ 40,030,076	$ -	$ 40,030,076	$ -
Bonds and Notes	2,699,473	-	2,699,473	-
Commercial Paper	708,367	-	708,367	-
Total investments by fair value level	$ 43,437,916	$ -	$ 43,437,916	$ -

Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value the investments' relationship to benchmark quoted prices.

Long-term investments on the statement of net position at June 30, 2020 and 2019 include certificates of deposit of $0 and $2,572,972, 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 0.18 percent and 1.71 percent for the years ended June 30, 2020 and 2019, respectively, and is expected to be collected as follows:

Years		2020	2019
2020		$ -	$ 3,404,910
2021		2,318,867	2,318,240
2022		1,055,813	589,250
2023		912,439	575,793
2024		595,125	414,000
	Total	4,882,244	7,302,193
	Less discount to present value	(12,767)	(176,288)
	Net present value	$ 4,869,477	$ 7,125,905

Note 6 - Accounts Receivable

Accounts receivable consist of the following:

	2020	2019
Tuition and other	$ 3,061,913	$ 3,780,779
Grants and contracts	2,771,306	1,852,110
State appropriations - Operating	2,627,576	4,633,998
Total accounts receivable	8,460,795	10,266,887
Less allowance for uncollectibles	(894,628)	(697,823)
Net accounts receivable	$ 7,566,167	$ 9,569,064

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, 2020 was as follows:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Land and improvements	$ 6,929,534	$ 114,000	$ -	$ 7,043,534
Building and building improvements	223,495,807	6,159,293	-	229,655,100
Furniture, fixtures, and equipment	37,367,624	1,140,509	(1,714,170)	36,793,963
Subtotal - Depreciable assets	267,792,965	7,413,802	(1,714,170)	273,492,597
Construction in progress	-	12,739,851	-	12,739,851
Total	267,792,965	20,153,653	(1,714,170)	286,232,448
Less accumulated depreciation:				
Building and building improvements	(90,981,847)	(4,974,508)	-	(95,956,355)
Furniture, fixtures, and equipment	(30,069,890)	(2,114,226)	1,573,451	(30,610,665)
Total accumulated depreciation	(121,051,737)	(7,088,734)	1,573,451	(126,567,020)
Capital assets - Net	$ 146,741,228			$ 159,665,428

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Land and improvements	$ 6,929,534	$ -	$ -	$ 6,929,534
Building and building improvements	210,653,641	12,842,166	-	223,495,807
Furniture, fixtures, and equipment	36,950,504	968,029	(550,909)	37,367,624
Subtotal - Depreciable assets	254,533,679	13,810,195	(550,909)	267,792,965
Construction in progress	4,200,615	-	(4,200,615)	-
Total	258,734,294	13,810,195	(4,751,524)	267,792,965
Less accumulated depreciation:				
Building and building improvements	(86,287,709)	(4,694,138)	-	(90,981,847)
Furniture, fixtures, and equipment	(28,079,359)	(2,540,497)	549,966	(30,069,890)
Total accumulated depreciation	(114,367,068)	(7,234,635)	549,966	(121,051,737)
Capital assets - Net	$ 144,367,226			$ 146,741,228

At June 30, 2020, there was approximately $3.8 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, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2019 series	$ 7,080,000	$ -	$ 505,000	$ 6,575,000	$ 635,000
Series bonds, 2018 series	3,935,000	-	1,350,000	2,585,000	1,310,000
Series bonds, 2013 series	1,430,000	-	535,000	895,000	530,000
Series bonds, 2012 series (Facilities)	19,790,000	-	1,155,000	18,635,000	1,210,000
Series bonds, 2012 series	1,415,000	-	505,000	910,000	505,000
Leases Payable -					
Capital leases	59,500	-	52,600	6,900	6,900
Other Long-term Liabilities					
Unamortized bond premium	2,339,915	-	214,657	2,125,258	214,657
Accrued employee leave	4,482,421	2,395,907	1,792,238	5,086,090	2,033,607
Michigan job training grants	375,853	248,000	313,913	309,940	-
Total	$ 40,907,689	$ 2,643,907	$ 6,423,408	$ 37,128,188	$ 6,445,164

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2019 series	$ -	$ 7,080,000	$ -	$ 7,080,000	$ 505,000
Series bonds, 2018 series	5,305,000	-	1,370,000	3,935,000	1,350,000
Series bonds, 2016 series	1,615,000	-	1,615,000	-	-
Series bonds, 2013 series	1,970,000	-	540,000	1,430,000	535,000
Series bonds, 2012 series (Facilities)	20,890,000	-	1,100,000	19,790,000	1,155,000
Series bonds, 2012 series	1,920,000	-	505,000	1,415,000	505,000
Series bonds, 2009 series	8,450,000	-	8,450,000	-	-
Leases Payable -					
Capital leases	157,234	-	97,734	59,500	52,600
Other Long-term Liabilities					
Unamortized bond premium	1,584,747	916,922	161,754	2,339,915	214,949
Accrued employee leave	4,306,842	2,429,422	2,253,843	4,482,421	2,345,727
Michigan job training grants	1,031,451	373,520	1,029,118	375,853	-
Total	$ 47,230,274	$ 10,799,864	$ 17,122,449	$ 40,907,689	$ 6,663,276

Note 8 - Long-term Obligations (Continued)

Series Bonds, 2019 Refunding - The College issued $7,080,000 in general obligation bonds (2019 Series Bonds) with an average interest rate of 2.57 percent. The 2019 Series Bonds were issued to refund $7,850,000 outstanding of 2009 Series Bonds with an average interest rate of 3.88 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 2009 Series Bonds. As a result, the 2009 Series Bonds are considered to be defeased, $7,850,000 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 2009 Series Bonds was $7,200,000 at June 30, 2020. The principal and interest on the 2019 Series Bonds are paid primarily from property tax levies. The bonds bear interest ranging from 5.69 percent to 6.50 percent and have remaining annual maturities ranging from $635,000 to $835,000. The bonds mature in 2029.

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 $2,585,000 at June 30, 2020. The principal and interest on the 2018 Series Bonds are paid primarily from property tax levies. The bonds bear interest ranging from 2.3 percent to 2.45 percent and have remaining annual maturities ranging from $1,275,000 to $1,310,000. The bonds mature in 2022.

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. Defeased debt that remains on the 2003 Series Bonds was $1,090,000 at June 30, 2020. The principal and interest on the 2013 Series Bonds are paid primarily from property tax levies. The remaining bonds bear interest at 3.0 percent and have annual maturities ranging from $365,000 to $530,000. The bonds mature in 2022.

Note 8 - Long-term Obligations (Continued)

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 $1,210,000 to $1,910,000. The bonds mature in 2032. These bonds were defeased with the issuance of the 2020 Refunding Bonds on September 30, 2020.

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 $980,000 at June 30, 2020. 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.

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 $452,132 and have recorded accumulated depreciation of $439,697 as of June 30, 2020.

Total principal and interest maturities on the bonds payable as of June 30, 2020 are as follows:

Years Ending	Debt Obligations			Lease Obligations		
June 30	Principal	Interest	Total	Principal	Interest	Total
2021	$ 4,190,000	$ 1,203,742	$ 5,393,742	$ 6,900	$ 7	$ 6,907
2022	3,765,000	1,051,462	4,816,462	-	-	-
2023	2,220,000	913,574	3,133,574	-	-	-
2024	2,100,000	813,218	2,913,218	-	-	-
2025	2,200,000	708,218	2,908,218	-	-	-
2026-2030	11,370,000	2,126,500	13,496,500	-	-	-
2031-2032	3,755,000	212,438	3,967,438	-	-	-
Total	$ 29,600,000	$ 7,029,152	$ 36,629,152	$ 6,900	$ 7	$ 6,907

Cash Paid for Interest - Cash paid for interest was approximately $1,330,000 and $1,483,000 for the years ended June 30, 2020 and 2019, 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, 2020, the College has outstanding bonds payable to various employers of $309,940. 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 $1,537,000 and $1,458,000 for the years ended June 30, 2020 and 2019, 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.

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.

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

The range of rates is as follows:

	Pension	OPEB
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%
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

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, 2020 and 2019 were $14,873,938 and $14,636,469, 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 $6,002,255 and $6,244,413 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, 2020 and 2019, respectively.

The College's required and actual OPEB contributions to the plan for the year ended June 30, 2020 and 2019 were $3,846,177 and $3,682,027, 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.

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

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.

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, 2020 and 2019, the College reported a liability of $179,249,084 and $168,470,788, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019 and 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018 and 2017, which used updated procedures to roll forward the estimated liability to September 30, 2019 and 2018. 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, 2019, 2018, and 2017 the College's proportion was 0.54127, 0.56041, and 0.57280 percent, respectively, representing a change of (3.41536) and (2.16306) percent, respectively.

Net OPEB Liability - At June 30, 2020 and 2019, the College reported a liability of $37,760,595 and $43,674,707, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2019 and 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018 and 2017, which used updated procedures to roll forward the estimated liability to September 30, 2019 and 2018. The College's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019, 2018, and 2017 the College's proportion was 0.52608, 0.54944, and 0.57312 percent, respectively, representing a change of (4.25160) and (4.13177) percent, respectively.

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 2020 and 2019, the College recognized pension expense of $24,190,429 and $18,856,182, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate.

At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 35,097,096	$ -
Differences between expected and actual experience	803,451	(747,452)
Net difference between projected and actual earnings on pension plan assets	-	(5,744,629)
Changes in proportion and differences between college contributions and proportionate share of contributions	45,306	(7,302,449)
College contributions subsequent to the measurement date	12,594,802	-
Total	$ 48,540,655	$ (13,794,530)

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 39,017,695	$ (1,224,248)
Differences between expected and actual experience	781,736	-
Net difference between projected and actual earnings on pension plan assets	-	(11,519,119)
Changes in proportion and differences between college contributions and proportionate share of contributions	117,532	(5,989,080)
College contributions subsequent to the measurement date	12,508,995	-
Total	$ 52,425,958	$ (18,732,447)

The $6,002,255 and $6,244,413 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 201(5) of the State School Aid Act (PA 94 of 1979), will be recognized as state appropriations revenue for the years ended June 30, 2020 and 2019, 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
2021	$ 8,759,936
2022	6,938,914
2023	4,574,730
2024	1,877,744
Total	$ 22,151,324

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

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

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

For the year ended June 30, 2020 and 2019, the College recognized OPEB expense of $206,793 and $1,744,648, respectively.

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 8,181,957	$ -
Differences between expected and actual experience	-	(13,855,430)
Net difference between projected and actual earnings on pension plan assets	-	(656,675)
Changes in proportion and differences between college contributions and proportionate share of contributions	4,543	(3,152,630)
College contributions subsequent to the measurement date	2,768,202	-
Total	$ 10,954,702	$ (17,664,735)

At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 4,625,174	$ -
Differences between expected and actual experience	-	(8,128,985)
Net difference between projected and actual earnings on pension plan assets	-	(1,678,523)
Changes in proportion and differences between college contributions and proportionate share of contributions	6,378	(1,790,701)
College contributions subsequent to the measurement date	2,740,274	-
Total	$ 7,371,826	$ (11,598,209)

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

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
2021		$ (2,516,972)
2022		(2,516,972)
2023		(2,189,928)
2024		(1,526,808)
2025		(727,555)
	Total	$ (9,478,235)

Actuarial Assumptions - The total pension liability and total OPEB liability as of September 30, 2019 is based on the results of an actuarial valuation as of September 30, 2018 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	6.80%	Net of investment expenses based on the groups
Investment rate of return – OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Healthcare cost trend rate	7.50%	Year 1 graded to 3.0% Year 12
Mortality basis	Retirees & Active	RP-2014 Male and Female Combined Healthy Annuitant Mortality Tables, scaled 100% and adjusted for morality improvements using projection scale MP 2017 from 2006. For retirees, scaled 82% for males and 78% for females.
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

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

The total pension liability and total OPEB liability as of September 30, 2018 is based on the results of an actuarial valuation as of September 30, 2017 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	7.05%	Net of investment expenses based on the groups
Investment rate of return – OPEB	7.15%	Net of investment expenses based on the groups
Salary increases	2.75%-11.55%	Including wage inflation of 2.75%
Healthcare cost trend rate	7.50%	Year 1 graded to 3.0% Year 12
Mortality basis	Retirees & Active	RP-2014 Male and Female Combined Healthy Annuitant Mortality Tables, scaled 100% and adjusted for morality improvements using projection scale MP 2017 from 2006. For retirees, scaled 82% for males and 78% for females.
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 2012 to 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation.

Significant assumption changes since the prior measurement date, September 30, 2018, for pension and OPEB include a reduction in both discount rates, continued impact of the updated experience study which resulted in a lower than projected per person health benefit costs of OPEB, and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 6.80 and 7.05 percent as of September 30, 2019 and 2018, respectively, depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 and 7.15 percent as of September 30, 2019 and 2018, respectively. 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, 2020		June 30, 2019	
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%	5.5%	28.0%	5.7%
Private Equity Pools	18.0%	8.6%	18.0%	9.2%
International Equity Pools	16.0%	7.3%	16.0%	7.2%
Fixed-income Pools	10.5%	1.2%	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	4.2%	10.0%	3.9%
Absolute Return Pools	15.5%	5.4%	15.5%	5.2%
Short-term Investment Pools	2.0%	0.8%	2.0%	0.0%
Total	100.0%		100.0%	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

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:

2020		
1.00 Percent Decrease (5.80%)	Current Discount Rate (6.80%)	1.00 Percent Increase (7.80%)
$ 233,035,277	$ 179,249,084	$ 134,658,478

2019		
1.00 Percent Decrease (6.05%)	Current Discount Rate (7.05%)	1.00 Percent Increase (8.05%)
$ 221,189,133	$ 168,470,788	$ 124,670,413

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:

2020		
1.00 Percent Decrease (5.95%)	Current Discount Rate (6.95%)	1.00 Percent Increase (7.95%)
$ 46,319,044	$ 37,760,595	$ 30,573,875

2019		
1.00 Percent Decrease (6.15%)	Current Discount Rate (7.15%)	1.00 Percent Increase (8.15%)
$ 52,430,598	$ 43,674,707	$ 36,309,933

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:

2020		
1.00 Percent Decrease (6.50%)	Current Rate (7.50%)	1.00 Percent Increase (8.50%)
$ 30,269,189	$ 37,760,595	$ 46,318,028

2019		
1.00 Percent Decrease (6.50%)	Current Rate (7.50%)	1.00 Percent Increase (8.50%)
$ 35,921,966	$ 43,674,707	$ 52,568,685

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.

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

Payable to the Pension and OPEB Plan - At June 30, 2020, the College reported a payable of $1,930,646 and $123,311 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020. At June 30, 2019, the College reported a payable of $2,013,446 and $135,788 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2019.

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, 2020 and 2019:

	Amount of Property Taxes Abated	
Government with Tax Abatement Agreement	June 30, 2020	June 30, 2019
Ada Township	$ 14,290	$ 20,848
Algoma Township	1,271	1,325
Alpine Township	19,447	22,118
Byron Township	5,393	66,433
Caledonia Township	4,230	4,697
Cascade Township	28,483	28,018
Chester Township	56	57
Gaines Township	37,919	27,895
Georgetown Township	13,584	1,379
Grand Rapids Township	2,537	-
Jamestown Township	-	7,200
Plainfield Township	4,080	4,424
Solon Township	-	371
Sparta Township	5,407	5,589
Tallmadge Township	-	5,510
Thornapple Township	-	2,761
Tyrone Township	8	116
Vergennes Township	1,911	2,107
Wright Township	1,200	118
City of Cedar Springs	3,382	3,545
City of Grand Rapids	665,655	571,904
City of Grandville	7,740	8,952
City of Kentwood	43,245	39,640
City of Lowell	3,550	3,534
City of Rockford	1,299	1,173
City of Walker	51,066	52,103
City of Wyoming	99,429	64,839
Total	$ 1,015,182	$ 946,656

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.

The State of Michigan issued $6.3 million in bonds during fiscal year 2020 to partially fund renovations to the Applied Technology Center.

Note 14 - Foundation Restricted Net Assets

Foundation net assets were restricted for the following purposes:

	June 30, 2020	June 30, 2019
Capital campaigns	$ 4,315,020	$ 4,711,124
Other capital related	-	505,260
Tech Center capital campaign	872,691	852,208
Scholarships and other	24,757,449	24,631,786
Total	$ 29,945,160	$ 30,700,378

Assets restricted for Scholarships and other includes $9,499,071 and of June 30, 2020 and $9,146,468 as of June 30, 2019, restricted in perpetuity.

Note 15 - Upcoming Pronouncements

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The College is currently evaluating the impact of this standard, specifically related to holding assets for other organizations and defined contribution retirement benefits held in trust. The provisions of this statement were originally effective for the College's financial statements for the year ending June 30, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, Postponement of the Effective Date of Certain Authoritative Guidance. In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, which clarifies guidance provided in GASB 84.

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 were originally effective for the College's financial statements for the year ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, Postponement of the Effective Date of Certain Authoritative Guidance.

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)

	2019	2018	2017	2016	2015	2014
College's proportion of the collective MPSERS net pension liability: As a percentage	0.54127%	0.56041%	0.57280%	0.59322%	0.59710%	0.61095%
Amount	$ 179,249,084	$ 168,470,788	$ 148,436,081	$ 148,003,349	$ 145,842,419	$ 134,569,167
College's covered payroll	$ 46,016,178	$ 46,740,187	$ 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 payroll	389.53%	360.44%	312.06%	323.09%	296.85%	258.54%
MPSERS fiduciary net position as a percentage of the total pension liability	60.08%	62.12%	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)

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 14,663,731	$ 14,557,430	$ 13,750,838	$ 12,396,670	$ 13,751,793	$ 9,488,294
Contributions in relation to the actuarially determined contractually required contribution	$ 14,663,731	$ 14,557,430	$ 13,750,838	$ 12,396,670	$ 13,751,793	$ 9,488,294
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 45,711,582	$ 46,137,226	$ 47,300,505	$ 45,064,027	$ 48,088,254	$ 51,268,145
Contributions as a percentage of covered payroll	32.08%	31.55%	29.07%	27.51%	28.60%	18.51%

Note to Required Supplemental Information

Benefit Changes – There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions – There were no significant changes of assumptions for each of the reported plan years ended September 30, except for the following:

2019 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25% percentage points.

2018 – The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45% percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

2017 – The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50% percentage points.

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)

	2019	2018	2017
College's proportion of the collective MPSERS net OPEB liability: As a percentage	0.52608%	0.54944%	0.57312%
Amount	$ 37,760,595	$ 43,674,707	$ 50,752,538
College's covered payroll	$ 46,016,178	$ 46,740,187	$ 47,565,876
College's proportionate share of the collective OPEB liability (amount), as a percentage of the College's covered payroll	82.06%	93.44%	106.70%
MPSERS fiduciary net position as a percentage of the total OPEB liability	48.67%	43.10%	36.53%

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

	2020	2019	2018
Statutorily required contribution	$ 3,673,200	$ 3,624,091	$ 3,376,239
Contributions in relation to the actuarially determined contractually required contribution	$ 3,673,200	$ 3,624,091	$ 3,376,239
Contribution deficiency (excess)	$ -	$ -	$ -
Covered payroll	$ 45,711,582	$ 46,137,226	$ 47,300,505
Contributions as a percentage of covered payroll	8.04%	7.86%	7.14%

Note to Required Supplemental Information

Benefit Changes – There were no changes of benefit terms for each of the plan years ended September 30.

Changes in Assumptions – There were no changes of benefit assumptions each of the plan years ended September 30 except for the following:

2019 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20% percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.

2018 – The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35%. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.4 billion in 2018.

Other Supplemental Information

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	General Fund	Designated Fund	Retirement Fund	Auxiliary Fund
Assets				
Current assets:				
Cash and cash equivalents	$ 20,159,388	$ 6,344,178	$ -	$ 7,417,057
Accounts receivable - Net	6,702,905	102,786	-	36,929
Prepaid expenses and other current assets	329,326	-	-	36,594
Due (to) from other funds	1,989,970	(1,448,007)	-	2,542,012
Total current assets	29,181,589	4,998,957	-	10,032,592
Noncurrent assets:				
Accounts receivable - Net	-	-	-	-
Long-term investments	12,041,287	-	-	-
Unamortized bond discounts	-	-	-	-
Capital assets - Net	-	-	-	-
Total noncurrent assets	12,041,287	-	-	-
Total assets	41,222,876	4,998,957	-	10,032,592
Deferred Outflow of Resources	-	-	59,495,357	-
Liabilities				
Current liabilities:				
Accounts payable	1,027,157	304,034	-	221,150
Accrued salaries and related amounts	8,215,239	38,621	-	18,686
Unearned revenue	8,046,166	-	-	-
Interest payable	-	-	-	-
Long-term obligations - Current	2,033,607	-	-	-
Deposits held in custody for others	-	-	-	-
Total current liabilities	19,322,169	342,655	-	239,836
Noncurrent liabilities:				
Long-term obligations - Net of current portion	3,052,483	-	-	-
Net OPEB liability	-	-	37,760,595	-
Net pension liability	-	-	179,249,084	-
Total liabilities	22,374,652	342,655	217,009,679	239,836
Deferred Inflow of Resources	-	-	37,461,520	-
Net Position				
Net investment in capital assets	-	-	-	-
Unrestricted (deficit)	18,848,224	4,656,302	(194,975,842)	9,792,756
Total net position	**$ 18,848,224**	**$ 4,656,302**	**$ (194,975,842)**	**$ 9,792,756**

Grand Rapids Community College

Combining Statement of Net Position
June 30, 2020

Expendable Restricted Fund	Agency Fund	Plant Fund	Total	Eliminations	Combined Total
$ -	$ 102,802	$ -	$ 34,023,425	$ -	$ 34,023,425
72,467	-	457,911	7,372,998	-	7,372,998
-	-	-	365,920	-	365,920
400,468	291,464	(3,775,907)	-	-	-
472,935	394,266	(3,317,996)	41,762,343	-	41,762,343
-	-	193,169	193,169	-	193,169
-	-	30,552,530	42,593,817	-	42,593,817
-	-	155,667	155,667	-	155,667
-	-	159,665,428	159,665,428	-	159,665,428
-	-	190,566,794	202,608,081	-	202,608,081
472,935	394,266	187,248,798	244,370,424	-	244,370,424
-	-	-	59,495,357	-	59,495,357
379,029	13,420	4,189,524	6,134,314	-	6,134,314
93,906	-	-	8,366,452	-	8,366,452
-	-	-	8,046,166	-	8,046,166
-	-	200,597	200,597	-	200,597
-	-	4,411,557	6,445,164	-	6,445,164
-	380,846	-	380,846	-	380,846
472,935	394,266	8,801,678	29,573,539	-	29,573,539
-	-	27,630,541	30,683,024	-	30,683,024
-	-	-	37,760,595	-	37,760,595
-	-	-	179,249,084	-	179,249,084
472,935	394,266	36,432,219	277,266,242	-	277,266,242
-	-	-	37,461,520	-	37,461,520
-	-	129,468,668	129,468,668	-	129,468,668
-	-	21,347,911	(140,330,649)	-	(140,330,649)
$ -	**$ -**	**$ 150,816,579**	**$ (10,861,981)**	**$ -**	**$ (10,861,981)**

	General Fund	Designated Fund	Retirement Fund	Auxiliary Fund
Operating Revenue				
Tuition and fees - Net of scholarship allowance	$ 47,951,009	$ -	$ -	$ -
Federal grants and contracts	-	-	-	-
State grants and contracts	-	-	-	-
Private gifts, grants, and contracts	-	-	-	-
Sales and services of auxiliary activities	-	-	-	3,641,072
Seminars, workshops, and other revenue	1,685,711	2,854,198	-	-
Total operating revenue	49,636,720	2,854,198	-	3,641,072
Operating Expenses				
Instruction	47,886,180	1,859,236	3,274,465	-
Information Technology	7,733,402	-	353,522	-
Public service	1,406,876	75,912	91,859	-
Instructional support	13,529,718	7,083	826,755	-
Student services	9,018,762	305,170	544,613	2,874,107
Institutional administration	12,389,805	658,648	641,703	-
Physical plant operations	13,092,126	19,249	562,303	-
Depreciation	-	-	-	-
Total operating expenses	105,056,869	2,925,298	6,295,220	2,874,107
Operating (Loss) Income	(55,420,149)	(71,100)	(6,295,220)	766,965
Nonoperating Revenue (Expenses)				
State appropriations	26,117,122	-	242,158	-
Property taxes	33,719,690	-	-	-
Pell revenue	-	-	-	-
Interest income	738,907	-	-	359,801
Interest expense on bonds	-	-	-	-
Current fund expenditures for capital assets	-	-	-	-
Unrealized gain (loss) on investments	262,959	-	-	127,938
Higher Education Emergency Relief Funds	-	-	-	-
Contributions	-	-	-	-
Other revenue	-	-	-	-
Net nonoperating revenue (expenses)	60,838,678	-	242,158	487,739
Increase (Decrease) in Net Position - Before transfers	5,418,529	(71,100)	(6,053,062)	1,254,704
Transfers - Mandatory and nonmandatory	(4,119,144)	157,961	-	-
Increase in Net Position	1,299,385	86,861	(6,053,062)	1,254,704
Net Position - Beginning of year	17,548,839	4,569,441	(188,922,780)	8,538,052
Net Position - End of year	**$ 18,848,224**	**$ 4,656,302**	**$ (194,975,842)**	**$ 9,792,756**

Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	Expendable Restricted Fund	Plant Fund	Total	Eliminations	2020	2019
	$ -	$ -	$ 47,951,009	$ (10,143,094)	$ 37,807,915	$ 40,787,734
	5,267,076	-	5,267,076	-	5,267,076	5,416,703
	1,777,442	-	1,777,442	-	1,777,442	289,072
	1,230,246	-	1,230,246	-	1,230,246	1,121,549
	-	-	3,641,072	(585,911)	3,055,161	3,803,150
	-	-	4,539,909	-	4,539,909	5,289,919
	8,274,764	-	64,406,754	(10,729,005)	53,677,749	56,708,127
	1,046,328	-	54,066,209	(701,187)	53,365,022	50,814,280
	392,412	-	8,479,336	(5,034)	8,474,302	7,887,065
	5,451,565	-	7,026,212	(89,174)	6,937,038	5,634,116
	108,841	-	14,472,397	(577,077)	13,895,320	13,311,123
	19,927,296	-	32,669,948	(10,289,409)	22,380,539	21,705,860
	169,170	-	13,859,326	(55,785)	13,803,541	12,650,919
	10,501	243,959	13,928,138	(73,529)	13,854,609	15,111,683
	-	7,088,734	7,088,734	-	7,088,734	7,234,635
	27,106,113	7,332,693	151,590,300	(11,791,195)	139,799,105	134,349,681
	(18,831,349)	(7,332,693)	(87,183,546)	1,062,190	(86,121,356)	(77,641,554)
	-	457,911	26,817,191	-	26,817,191	27,833,363
	-	8,884,944	42,604,634	-	42,604,634	40,819,225
	15,662,290	-	15,662,290	-	15,662,290	16,049,411
	-	1,132,708	2,231,416	-	2,231,416	1,893,897
	-	(1,329,895)	(1,329,895)	-	(1,329,895)	(1,482,980)
	-	1,062,190	1,062,190	(1,062,190)	-	-
	-	403,102	793,999	-	793,999	905,302
	2,416,876		2,416,876		2,416,876	-
	-	3,500,000	3,500,000	-	3,500,000	1,122,397
	-	2,059,870	2,059,870	-	2,059,870	1,795,364
	18,079,166	16,170,830	95,818,571	(1,062,190)	94,756,381	88,935,979
	(752,183)	8,838,137	8,635,025	-	8,635,025	11,294,425
	752,183	3,209,000	-	-	-	-
	-	12,047,137	8,635,025	-	8,635,025	11,294,425
	-	138,769,442	(19,497,006)	-	(19,497,006)	(30,791,431)
	$ -	**$ 150,816,579**	**(10,861,981)**	**$ -**	**$ (10,861,981)**	**$ (19,497,006)**

Grand Rapids Community College

Schedule of General Fund Revenue, Expenses, and Transfers - Budget to Actual
Year Ended June 30, 2020

	Actual	Final Authorized Budget	Variance Favorable (Unfavorable)
Revenue			
Student tuition and fees	$ 47,951,009	$ 50,410,341	$ (2,459,332)
Property taxes	33,719,690	34,000,000	(280,310)
State operating appropriations	26,117,122	26,815,655	(698,533)
Interest income	738,907	800,000	(61,093)
Seminars, workshops, and other revenue	1,948,670	1,900,000	48,670
Total revenue	110,475,398	113,925,996	(3,450,598)
Expenditures and Transfers			
Instruction	47,886,180	49,992,755	2,106,575
Information Technology	7,733,402	8,073,604	340,202
Public service	1,406,876	1,468,766	61,890
Instructional support	13,529,718	14,124,908	595,190
Student services	9,018,762	9,415,509	396,747
Institutional administration	12,389,805	12,934,848	545,043
Physical plant operations	13,092,126	13,668,066	575,940
Total expenditures	105,056,869	109,678,457	4,621,588
Transfers from (to) General Fund			
Designated fund support	157,961	157,961	-
Expendable restricted fund support	752,183	1,088,500	336,317
Maintenance, equipment, and technology support	3,209,000	1,725,000	(1,484,000)
Total transfers	4,119,144	2,971,461	(1,147,683)
Total expenditures and transfers	109,176,013	112,649,918	3,473,905
Revenue over expenditures and transfers	**$ 1,299,385**	**$ 1,276,078**	**$ 23,307**

Grand Rapids Community College

Schedule of Changes in Designated Fund
Year Ended June 30, 2020

	Net Position at June 30, 2019	Revenue	Expenditures	Transfers In	Net Position at June 30, 2020
Training solutions	$ 1,042,727	$ 2,406,508	$ 2,399,268	$ -	$ 1,049,967
Diversity lecture series	(10,428)	21,350	11,423	-	(501)
Ford concessions	18,008	17,239	14,505	-	20,742
Ford equipment	161,133	17,564	50,888	-	127,809
HED Programs	188,938	36,448	35,246	-	190,140
Institutional research	43,918	-	15,497	-	28,421
Auto technologies	18,646	134	466	-	18,314
Occupational training	25,241	24,496	22,894	-	26,843
Older Learners Center	64,926	-	4,050	-	60,876
Strategic Leadership Team	161,751	-	95,423	73,000	139,328
Budget stabilization	1,937,762	-	-	-	1,937,762
Other designated programs	916,819	330,459	275,638	84,961	1,056,601
Total	**$ 4,569,441**	**$ 2,854,198**	**$ 2,925,298**	**$ 157,961**	**$ 4,656,302**

Schedule of Changes in Auxiliary Fund
Year Ended June 30, 2020

	Bookstore	Food Service	Parking	Printing Services	Total
Revenue -					
Sales and fees	$ 342,248	$ 851,920	$ 1,741,713	$ 705,191	$ 3,641,072
Interest income	-	-	487,739	-	487,739
Total revenue	342,248	851,920	2,229,452	705,191	4,128,811
Expenditures					
Cost of sales	-	851,159	965,748	248,267	2,065,174
Salaries, wages, and benefits	34,346	195,753	126	490,237	720,462
Capital outlay	-	9,605	32	-	9,637
Other operating expenses	78,834	-	-	-	78,834
Total expenditures	113,180	1,056,517	965,906	738,504	2,874,107
Transfers Out	-	-	-	-	-
Total expenditures and transfers out	113,180	1,056,517	965,906	738,504	2,874,107
Excess (Deficit) of Revenue Over Expenditures and Transfers Out	229,068	(204,597)	1,263,546	(33,313)	1,254,704
Net Position - July 1, 2019	3,073,711	235,372	5,053,083	175,886	8,538,052
Net Position - June 30, 2020	**$ 3,302,779**	**$ 30,775**	**$ 6,316,629**	**$ 142,573**	**$ 9,792,756**

Grand Rapids Community College

Schedule of Changes in Expendable Restricted Fund
Year Ended June 30, 2020

	Net Position at July 1, 2019	Revenue	Expenditures	Transfers In	Net Position at June 30, 2020
Specially funded:					
Apprenticeship	$ -	$ 388,724	$ 388,724	$ -	$ -
America's Promise - DOL	-	1,713,438	1,713,438	-	-
Campus Suicide Prevention Grant	-	27,283	27,283	-	-
CARES ACT	-	2,416,876	2,416,876	-	-
Cybersecurity Grant	-	89,634	89,634	-	-
Early Childhood	-	620,951	658,320	37,369	-
GEAR UP	-	379,691	379,691	-	-
Kellogg Foundation	-	340,634	340,634	-	-
Michigan New Jobs Training	-	1,647,588	1,647,588	-	-
Motorcycle Safety Program	-	178,971	178,971	-	-
Older Learner	-	23,614	23,614	-	
Student Support Services	-	450,521	470,786	20,265	
Title III-Strengthening Institution Program	-	38,394	38,394		
Vocational Education	-	946,902	1,641,451	694,549	
WIOA Adult Education	-	175,256	175,256	-	
Workforce Development	-	243,089	243,089	-	-
Foundations	-	226,774	226,774	-	-
Miscellaneous - Other	-	65,711	65,711	-	-
Total	-	9,974,051	10,726,234	752,183	-
Student financial aid:					
Federal Pell Grant Program	-	15,662,290	15,662,290	-	-
Federal Supplemental Education Opportunity Grant Program	-	392,869	454,318	61,449	-
Federal Work Study	-	324,720	263,271	(61,449)	-
Total	**$ -**	**$ 26,353,930**	**$ 27,106,113**	**$ 752,183**	**$ -**

Schedule of Bonded Debt
Year Ended June 30, 2020

	2019 Refunding Bonds		Series 2012		Series 2012 (Facilities)		Series 2013		Series 2018		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 635,000	$ 309,050	$ 505,000	$ 32,606	$ 1,210,000	$ 773,718	$ 530,000	$ 27,000	$ 1,310,000	$ 61,368	$ 4,190,000	$ 1,203,742
2022	655,000	283,650	200,000	12,406	1,270,000	713,218	365,000	10,950	1,275,000	31,238	3,765,000	1,051,462
2023	680,000	257,450	205,000	6,406	1,335,000	649,718	-	-	-	-	2,220,000	913,574
2024	700,000	230,250	-	-	1,400,000	582,968	-	-	-	-	2,100,000	813,218
2025	730,000	195,250	-	-	1,470,000	512,968	-	-	-	-	2,200,000	708,218
2026	750,000	158,750	-	-	1,530,000	454,168	-	-	-	-	2,280,000	612,918
2027	780,000	121,250	-	-	1,580,000	402,532	-	-	-	-	2,360,000	523,782
2028	810,000	82,250	-	-	1,635,000	347,232	-	-	-	-	2,445,000	429,482
2029	835,000	41,750	-	-	1,695,000	290,006	-	-	-	-	2,530,000	331,756
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	**$ 6,575,000**	**$ 1,679,650**	**$ 910,000**	**$ 51,418**	**$ 18,635,000**	**$ 5,167,528**	**$ 895,000**	**$ 37,950**	**$ 2,585,000**	**$ 92,606**	**$ 29,600,000**	**$ 7,029,152**

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
Grand Rapids Community College

We have audited, 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, the financial statements of Grand Rapids Community College (the "College") and its discretely presented component unit as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 19, 2020. The financial statements of Grand Rapids Community College Foundation were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

To Management and the Board of Trustees
Grand Rapids Community College

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 19, 2020