

Community
College District of
Gogebic County



Years Ended
June 30, 2022 and
2021

Financial
Statements
and
Supplementary
Information

Rehmann

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

November 14, 2022

Board of Trustees
Community College District of Gogebic County
Ironwood, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business type activities and the discretely presented component unit of **Community College District of Gogebic County** (the "College"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. The financial statements of Gogebic Community College Foundation were not audited in accordance with Government Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Implementation of GASB Statement No. 87

As described in Notes 1, 5, and 7, the College implemented the provisions of GASB Statement No. 87, *Leases*, effective July 1, 2020. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Management is responsible for the other information included in the financial statements. The other information comprises the combining statement of net position (deficit) and the combining statement of revenues, expenses, transfers and changes in net position (deficit) but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 14, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis

The discussion and analysis of the **Community College District of Gogebic County's** (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2022, 2021 and 2020. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government*. Statement No. 34 requires a comprehensive look at the entity as a whole, including capitalization and depreciation of assets. In November 1999, GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which applies these standards to public colleges and universities. The State of Michigan has adopted these standards and has revised and issued the Manual for Uniform Financial Reporting for Michigan Public Community Colleges, 2001.

GASB issued Statements No. 39, *Determining Whether Certain Organizations are Component Units*, and No. 61, *The Financial Reporting Entity: Omnibus*. These statements require separate legal entities which are associated with a primary government that meet certain criteria be included with the financial statements of the Primary Reporting Unit. GASB Statement No. 84, *Fiduciary Activities*, provides additional guidance regarding identification of fiduciary activities for accounting and financial reporting purposes. In compliance with these statements, the Gogebic Community College Foundation (the "Foundation") is reported as a component unit of the College, and its financial activity is discretely reported herein. Separately issued financial statements for the Foundation are also available from the Foundation office.

This annual financial report includes the report of independent auditors, management's discussion and analysis, the basic financial statements in the format described above, notes to the financial statements, other information and supplemental reports.

Financial Highlights

The College's financial position remained strong at June 30, 2022. The Governmental Accounting Standards Board issues statements and guidance which require the College to record its share of the State of Michigan's unfunded pension and other postemployment benefits liability costs which are not controlled by the College, and we have no input or control over their performance. The effect of these GASB's reduced the net position by \$11.0 million as of June 30, 2022. The College reported assets of \$17.4 million and deferred outflow of resources of \$1.6 million with liabilities of \$9.4 million and deferred inflow of resources of \$6.3 million. Net position, which represents the residual interest in the College's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted, is \$3.2 million. The net position consists of \$10.5 million net investment in capital assets, \$0.3 million restricted and a \$7.6 million deficit in unrestricted net position.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis

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

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information on the College as a whole. These statements report the College's financial position as of June 30, 2022 and 2021 and changes in net position for the years then ended. When revenues 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 revenues and expenses may be thought of as the College's operating results.

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position include all assets, liabilities, revenues and expenses using the accrual basis of accounting which is similar to the accounting used by most private sector entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Condensed Statements of Net Position

	June 30		
	2022	2021	2020
Current and other assets	\$ 5,403,651	\$ 5,188,813	\$ 3,653,701
Capital assets, net	11,996,823	11,746,189	11,766,183
Total assets	17,400,474	16,935,002	15,419,884
Deferred outflows of resources	1,585,771	2,529,321	3,548,511
Long-term liabilities	1,217,733	1,566,733	1,865,814
Other liabilities	8,219,734	13,107,506	15,049,573
Total liabilities	9,437,467	14,674,239	16,915,387
Deferred inflows of resources	6,350,367	4,260,076	3,490,173
Net investment in capital assets	10,466,510	9,664,366	10,066,769
Restricted for expendable scholarships	309,030	274,351	221,753
Unrestricted	(7,577,129)	(9,408,709)	(11,725,687)
Total net position	\$ 3,198,411	\$ 530,008	\$ (1,437,165)

The primary changes in the assets of the College between 2022 and 2021 include an increase in total assets of \$0.5 million as a result of increased cash from increased appropriations due to HEERF.

The primary changes in the assets of the College between 2021 and 2020 include an increase in total assets of \$1.5 million as a result of increased cash from increased appropriations due to the Federal CARES Act, increased receivables approximately due to HEERF funding and a decrease in capital assets due to depreciation.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis

Total liabilities equaled \$9.4 million, \$14.7 million, and \$16.9 million at June 30, 2022, 2021 and 2020, respectively. The June 30, 2022 total is a reduction of \$5.2 million from the preceding year due to debt payments and a decrease in net pension and OPEB liabilities.

Deferred outflows of resources of approximately \$1.6 million were recorded at June 30, 2022 as a result of changes in assumptions to the net pension and OPEB liabilities and College contributions to the MPSERS plan subsequent to the plan's measurement date. This is a decrease of approximately \$0.9 million from June 30, 2021 due predominantly to changes in assumptions.

Deferred outflows of resources of approximately \$2.5 million were recorded at June 30, 2021 as a result of changes in assumptions to the net pension and OPEB liabilities and College contributions to the MPSERS plan subsequent to the plan's measurement date. This is a decrease of approximately \$1.0 million from June 30, 2020 due to changes in assumptions.

Deferred inflows of resources of approximately \$6.3 million were recorded at June 30, 2022 as a result of the implementation of GASB 87, the pension portion of Section 147c state aid awarded subsequent to the measurement date and the difference between projected and actual earnings on pension and OPEB plan investments. This is an increase of approximately \$2.1 million from June 30, 2021 due predominantly to the difference between projected and actual earnings on pension plans and OPEB.

Deferred inflows of resources of approximately \$4.3 million were recorded at June 30, 2021 as a result of the pension portion of Section 147c state aid awarded subsequent to the measurement date and the difference between projected and actual earnings on pension and OPEB plan investments. This is an increase of approximately \$0.8 million from June 30, 2020 due to the difference between projected and actual earnings on the pension plan.

Condensed Statements of Revenues, Expenses, and Changes in Net Position (Deficit)

	Year Ended June 30		
	2022	2021	2020
Operating revenues	\$ 4,069,939	\$ 4,068,147	\$ 4,082,821
Operating expenses	(12,125,304)	(12,149,333)	(12,369,936)
Operating loss	(8,055,365)	(8,081,186)	(8,287,115)
Nonoperating revenues, net	10,604,668	10,048,359	7,736,991
Other revenues	119,100	-	25,000
Increase (decrease) in net position	<u>\$ 2,668,403</u>	<u>\$ 1,967,173</u>	<u>\$ (525,124)</u>

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis

Operating Revenues

Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, Lindquist Student Center, Student Housing, Snack Bar, and Bookstore operations. In addition, certain federal, state and private grants are considered operating if they are not for capital purposes and are considered a contract for services.

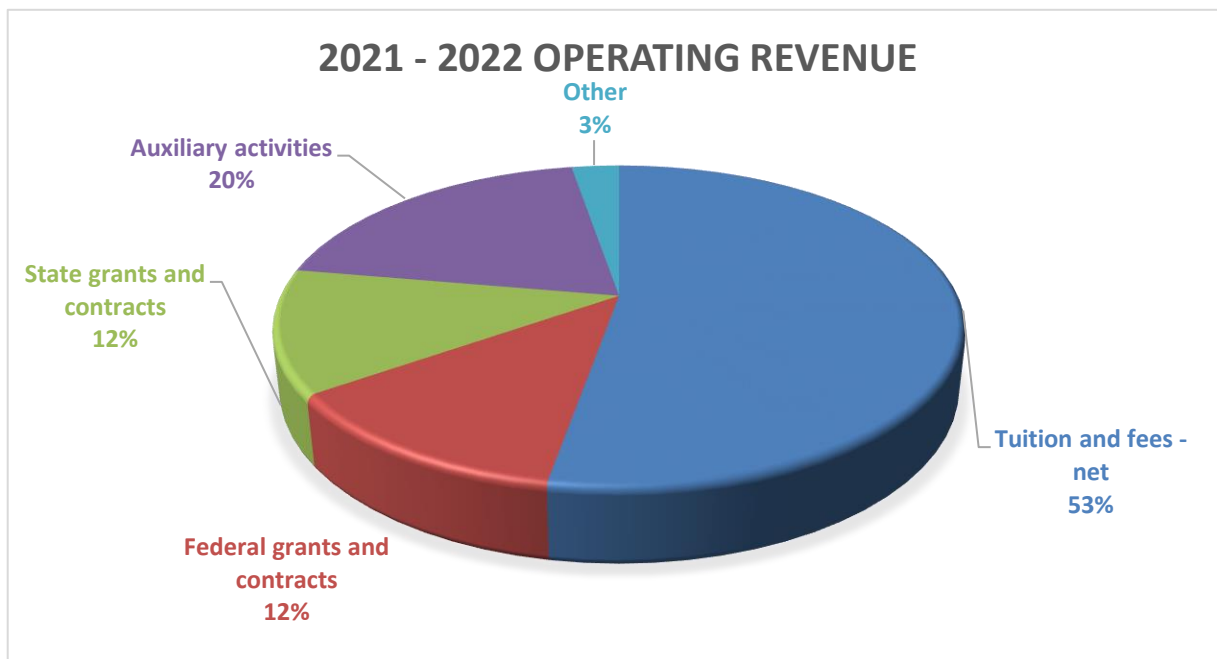
Operating revenue changes were the result of the following factors:

- For the year ended June 30, 2022, student tuition and fee revenue increased \$0.1 million as a result of the College incurring a small decrease in enrollment off-set partially by a Board approved tuition increase of \$3 per credit hour for In-District, \$5 per credit hour for Out-of-District and Out-of-State Reciprocity, \$5 per credit hour for Out-of-State, no change for dual enrollment and early college and no tuition increase for International. The Board also approved fee increases for a small number of courses.
- For the year ended June 30, 2021, student tuition and fee revenue decreased \$0.5 million as a result of the College incurring a small decrease in enrollment off-set partially by a Board approved tuition increase of \$3 per credit hour for In-District, \$5 per credit hour for Out-of-District and Out-of-State Reciprocity, \$5 per credit hour for Out-of-State, no change for dual enrollment and early college and no tuition increase for International. The Board also approved fee increases for a small number of courses.
- For the year ended June 30, 2022, auxiliary services revenues decreased by 8.1% and expenses decreased by 10.8%. The net effect was a \$87,475 decrease in auxiliary services net position.
- For the year ended June 30, 2021, auxiliary services revenues decreased by 5.0% and expenses increased by 11.0%, due to lost revenues recognized from HEERF funding. These factors resulted in a \$229,347 increase in transfers to auxiliary services. The net effect was a \$99,398 increase in auxiliary services net position.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis

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

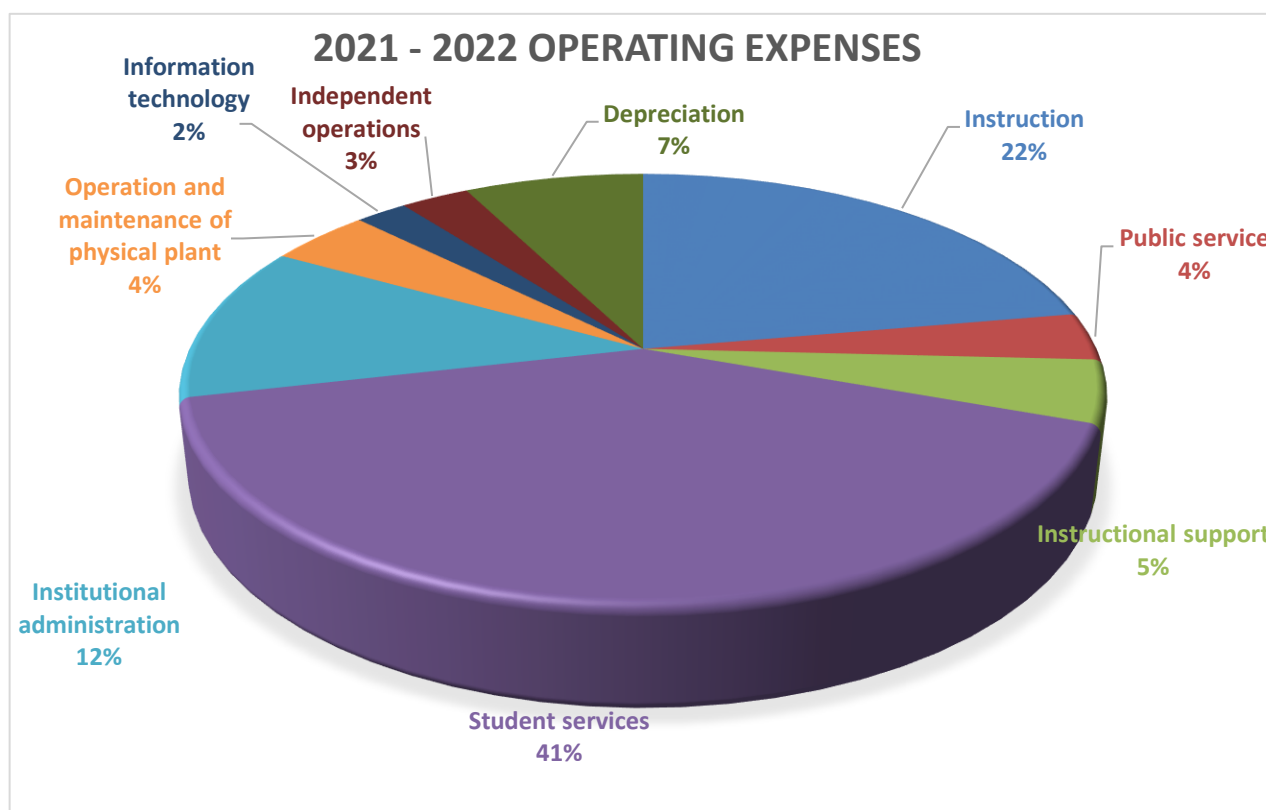


COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis

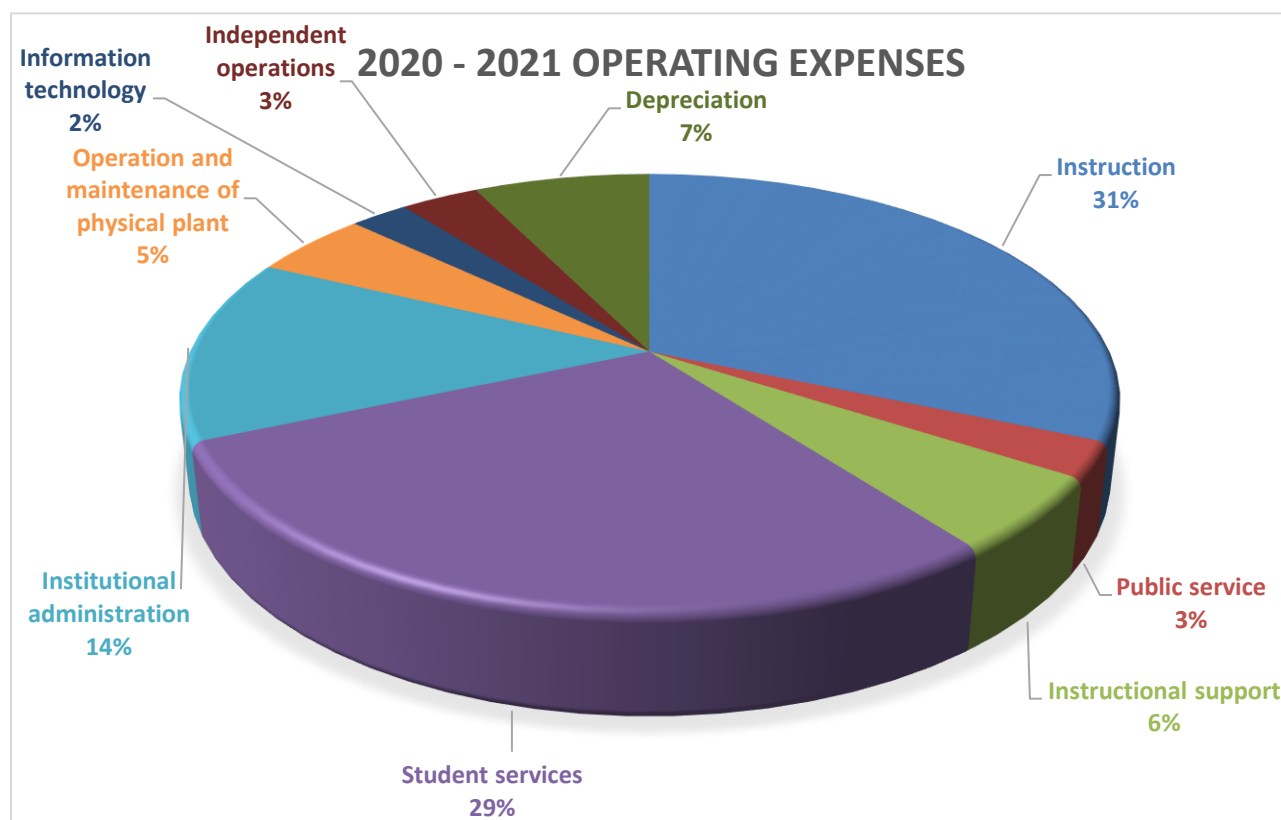
Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Total operating expenses for the year ended June 30, 2022 decreased \$24,029. The operating expenses of the General Fund for the year ended June 30, 2022 increased from approximately \$231,000 to \$9.6 million. Instruction, Instructional Support and Student Services account for 68% of all operating expenses. The following is a graphic illustration of the operating expenses by function:



COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis



General Fund Expenditures

General Fund salaries and wages decreased \$47,639 and fringe benefits decreased \$43,397 for the year ended June 30, 2022. This amounted to a 1.4% decrease in salaries and a 1.7% decrease in benefits. This contributed to the \$313,057 increase in the General Fund Net Position during fiscal 2022.

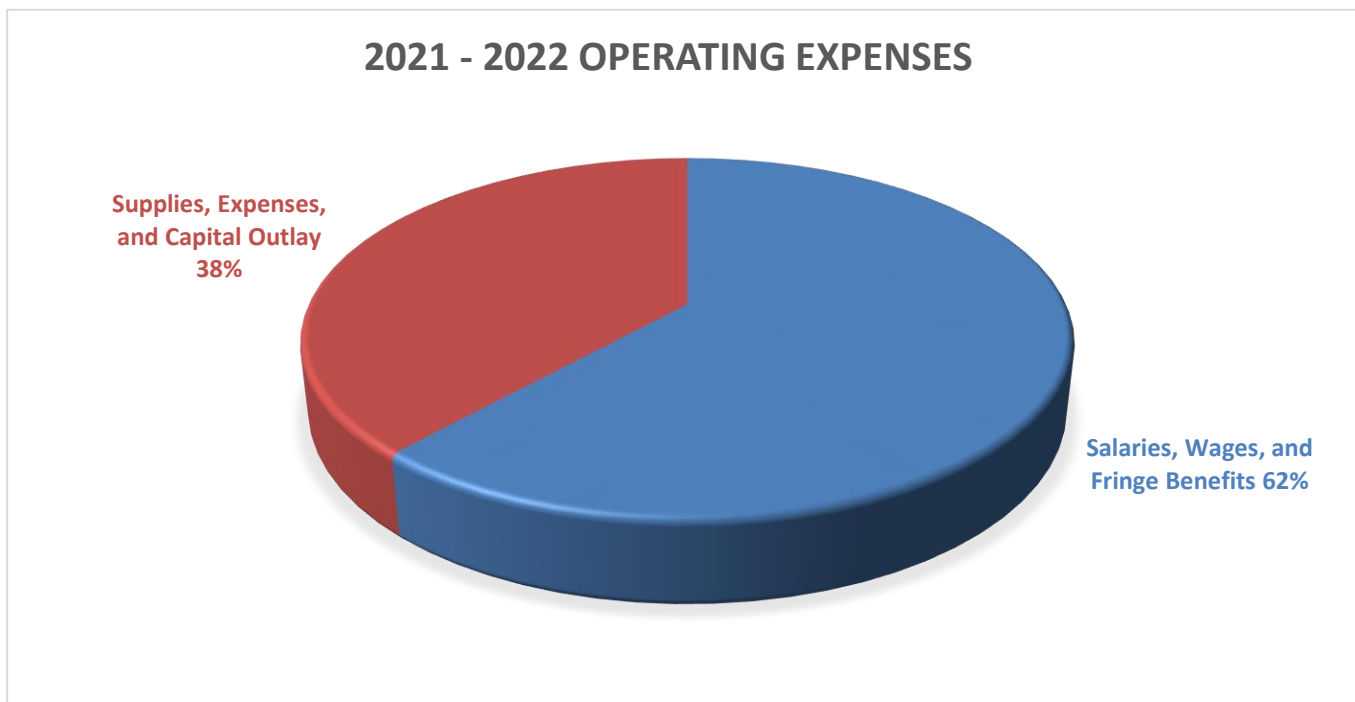
General Fund salaries, wages and fringe benefits accounted for 62% of total expenditures for the year ending June 30, 2022 and 65% for the year ending June 30, 2021. The College maintains a prudent watch over these categories and has and will continue a concerted effort to keep these costs contained and still maintain financial viability while continuing the mission of the College.

General Fund salaries and wages increased \$72,856 and fringe benefits decreased \$30,657 for the year ended June 30, 2021. This amounted to a 1.5% increase in salaries and a 1.2% decrease in benefits. This contributed to the \$810,057 increase in the General Fund Net Position during fiscal 2021.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis

The following is a graphic illustration of the breakdown of total General Fund expenditures for the year ended June 30, 2022.



Nonoperating Revenues

Nonoperating revenues included the following for the years ended June 30:

Nonoperating revenues are all revenue sources that are primarily non-exchange in nature. They consist of state appropriations, property tax revenue, Federal Higher Education Emergency Relief Funds, Federal Coronavirus Relief Funds, investment income and grants and contracts that do not require any services to be performed, in addition to the clarification of GASB 34/35 which reclassifies Pell grants as nonoperating revenue.

Nonoperating revenue changes were the result of the following factors:

- Federal Pell grant funding decreased \$30,197.
- Federal Higher Education Emergency Relief grant funding increased \$902,263.
- Federal Coronavirus Relief grant funding decreased \$546,100.
- State appropriations increased by \$233,697.
- The property tax revenue for the College increased by \$40,215.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis

Other Revenues

Other revenues consists of items that are typically nonrecurring, extraordinary or unusual to the College. During 2022, the College received donated land valued at \$119,100 from a single donor. Other examples are additions to permanent endowments.

Statements of Cash Flows

The Statements of Cash Flows primary purpose is to provide relevant information about the cash receipts and cash payments of the College during the period. The Statements of Cash Flows also helps 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 cash position increased during the year by \$453,883. Cash and cash equivalents were \$2,445,681 as of June 30, 2022. Details of how the increase occurred are contained in the Statements of Cash Flows.

Capital Assets

As of June 30, 2022, the College had \$31.4 million invested in capital assets and accumulated depreciation of \$19.4 million, resulting in net capital assets of \$12.0 million. Capital investments for the year were \$1.2 million and depreciation charges totaled \$913,717. Details of these assets as of June 30 are outlined below.

	June 30		
	2022	2021	2020
Land	\$ 218,643	\$ 99,543	\$ 99,543
Land improvements	1,611,489	1,530,018	1,458,511
Buildings	20,099,765	19,825,701	19,791,927
Equipment	8,493,562	8,036,439	8,032,708
Leased buildings	710,252	710,252	-
Leased vehicles	86,800	-	-
Construction in progress	148,288	2,495	-
Total capital assets, at cost	<u>31,368,799</u>	<u>30,204,448</u>	<u>29,382,689</u>
Accumulated depreciated:			
Land improvements	1,437,103	1,337,188	1,242,725
Buildings	10,982,675	10,636,042	10,291,927
Equipment	6,551,068	6,286,634	6,081,854
Leased buildings	396,790	198,395	-
Leased vehicles	4,340	-	-
Total accumulated depreciation	<u>19,371,976</u>	<u>18,458,259</u>	<u>17,616,506</u>
Total capital assets	<u>\$ 11,996,823</u>	<u>\$ 11,746,189</u>	<u>\$ 11,766,183</u>

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis

The majority of the College's investment in capital assets is in buildings. Buildings have a cost value of \$20.1 million before depreciation. College buildings are being maintained with several needing renovation or repairs in the coming years. These buildings have significant useful lives remaining and will provide functional use for many years to come.

The College has invested \$8.5 million in furniture, fixtures, equipment, library materials and vehicles, listed above as equipment. Although a significant portion of these assets have been depreciated, these assets continue to provide functional benefit and utility for the College in both instructional and non-instructional areas.

Debt

As of June 30, 2022, the College had long-term debt totaling \$1.2 million. This amount consists of \$1.1 million of revenue bonds and \$87,733 in retirement incentives and post-employment health insurance payable to employees. Principal payments on long-term debt of \$265,000 were made during the year ended June 30, 2022.

Economic Factors That Will Affect The Future

The economic position of the College is closely tied to that of the State of Michigan with State appropriations amounting to 46% of its General Fund revenues. The College is involved in and is working closely with the State and the Michigan Community College Association to address state appropriation base funding issues.

The College continues to keep tuition as affordable as possible and reduce the impact on students. The College is positioned to remain sustainable and is dedicated to providing a quality education to the student body with diversified and new programs currently and into the future. Furthermore, the College's faculty are connected to their disciplines from a comprehensive perspective and well-situated to assess and advance existing certificate/degree curricula.

The Gogebic Range and the Upper Peninsula of Michigan have many opportunities for economic expansion and the College's Workforce Development Office is working with numerous businesses, governmental agencies, and others to provide educational assistance and training to enhance the economic development in the region. These investments in curriculum and local and regional workforce development will position the College to be the premier educational provider in the region for the stakeholders.

As the COVID-19 pandemic continues to reduce in case load, activities are beginning to return to campus. Delivery of instruction, student interaction and the typical college experience in the 2021-2022 fiscal year is improving. The College continues to take steps to increase student satisfaction, instructional delivery, student services and provide a safe learning environment for students to succeed. The pandemic has presented many obstacles during the past several years but, in doing so, it has also brought with it many opportunities for the students, institution and staff.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Management's Discussion and Analysis

Contacting the College

If you have any questions about this report or need additional information, contact the Vice President of Business Services office at the College, E4946 Jackson Road, Ironwood, MI 49938.

FINANCIAL STATEMENTS

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Statements of Net Position

	Community College District of Gogebic County		Gogebic Community College Foundation (Component Unit)	
	June 30		June 30	
	2022	2021	2022	2021
Assets				
Current assets				
Cash and cash equivalents	\$ 2,445,681	\$ 1,991,798	\$ 92,435	\$ 155,329
Investments	68,589	68,520	2,191,072	2,725,575
Accounts receivable, net	2,527,837	2,742,779	-	-
Current portion of lease receivable	20,892	-	-	-
Inventories	220,855	270,696	-	-
Prepaid expenses and other assets	73,374	30,517	-	-
Due from Gogebic Community College Foundation	2,036	84,503	-	-
Total current assets	5,359,264	5,188,813	2,283,507	2,880,904
Noncurrent assets				
Investments	-	-	2,426,158	2,350,806
Capital assets not being depreciated	366,931	102,038	12,500	12,500
Capital assets being depreciated, net	11,629,892	11,644,151	-	-
Lease receivable, net of current portion	44,387	-	-	-
Total noncurrent assets	12,041,210	11,746,189	2,438,658	2,363,306
Total assets	17,400,474	16,935,002	4,722,165	5,244,210
Deferred outflows of resources				
Deferred pension amounts	1,144,308	1,926,038	-	-
Deferred other postemployment benefits amounts	441,463	603,283	-	-
Total deferred outflows of resources	1,585,771	2,529,321	-	-
Liabilities				
Current liabilities				
Accounts payable	114,625	110,749	-	-
Salaries, wages and related liabilities payable	623,992	708,707	-	-
Interest payable	6,461	7,838	-	-
Short-term borrowings	800,967	899,088	-	-
Due to depositors and other liabilities	13,850	14,050	-	-
Due to Community College District of Gogebic County	-	-	2,036	84,503
Current portion of long-term lease obligations	157,175	197,655	-	-
Current portion of long-term obligations	310,333	374,000	-	-
Total current liabilities	2,027,403	2,312,087	2,036	84,503
Noncurrent liabilities				
Long-term obligations, net of current portion	907,400	1,192,733	-	-
Long-term lease obligations, net of current portion	243,138	317,435	-	-
Net pension liability	5,892,917	9,517,725	-	-
Net other postemployment benefits liability	366,609	1,334,259	-	-
Total noncurrent liabilities	7,410,064	12,362,152	-	-
Total liabilities	9,437,467	14,674,239	2,036	84,503
Deferred inflows of resources				
Deferred lease amounts	65,279	-	-	-
Deferred pension amounts	4,211,864	2,393,967	-	-
Deferred other postemployment benefits amounts	2,073,224	1,866,109	-	-
Total deferred inflows of resources	6,350,367	4,260,076	-	-
Net position (deficit)				
Net investment in capital assets	10,466,510	9,664,366	12,500	12,500
Net position restricted for:				
Nonexpendable endowments	-	-	2,426,158	2,350,806
Expendable scholarships	309,030	274,351	1,138,233	1,607,365
Expendable capital projects	-	-	614,726	669,730
Unrestricted	(7,577,129)	(9,408,709)	528,512	519,306
Total net position	\$ 3,198,411	\$ 530,008	\$ 4,720,129	\$ 5,159,707

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

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Statements of Revenues, Expenses and Changes in Net Position

	Community College District of Gogebic County		Gogebic Community College Foundation (Component Unit)	
	Year Ended June 30		Year Ended June 30	
	2022	2021	2022	2021
Operating revenues				
Tuition and fees (net of scholarship allowances of \$1,661,388 in 2022 and \$1,772,133 in 2021)	\$ 2,148,025	\$ 2,048,788	\$ -	\$ -
Federal grants and contracts	508,112	520,709	-	-
State and local grants and contracts	507,500	553,262	-	-
Intermediate school district rent	31,194	17,726	-	-
Sales and services of education activities	12,717	9,686	-	-
Sales and services of auxiliary enterprises	797,530	867,762	-	-
Other	64,861	50,214	13,038	13,487
Total operating revenues	4,069,939	4,068,147	13,038	13,487
Operating expenses				
Instruction	2,696,241	3,825,331	-	-
Instructional support	570,543	677,366	-	-
Student services	4,954,313	3,503,076	238,174	317,525
Public service	433,686	315,730	-	-
Institutional administration	1,424,567	1,659,823	-	-
Information technology	264,139	293,039	-	-
Operation and maintenance of plant	519,295	592,728	25,292	22,407
Independent operations	348,803	393,887	-	-
Depreciation and amortization	913,717	888,353	-	-
Total operating expenses	12,125,304	12,149,333	263,466	339,932
Operating loss	(8,055,365)	(8,081,186)	(250,428)	(326,445)
Nonoperating revenues (expenses)				
State appropriations	5,220,083	4,986,386	-	-
Federal Pell grant	1,210,599	1,240,796	-	-
Federal Higher Education Emergency Relief Fund grant	2,339,903	1,437,640	-	-
Federal Coronavirus Relief Fund grant	-	546,100	-	-
Property tax levy	1,632,473	1,592,258	-	-
Gifts	238,262	316,331	40,509	122,547
Net investment income (loss)	2,641	1,992	(376,914)	767,781
Interest on capital asset related debt	(39,293)	(50,179)	-	-
Gifts to Gogebic Community College Foundation	-	(22,965)	-	22,965
Net nonoperating revenues (expenses)	10,604,668	10,048,359	(336,405)	913,293
Other revenues				
Capital gift	119,100	-	-	-
Contributions to permanent endowments	-	-	147,255	221,931
Total other revenues	119,100	-	147,255	221,931
Change in net position	2,668,403	1,967,173	(439,578)	808,779
Net position (deficit), beginning of year	530,008	(1,437,165)	5,159,707	4,350,928
Net position, end of year	\$ 3,198,411	\$ 530,008	\$ 4,720,129	\$ 5,159,707

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

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Statements of Cash Flows

	Year Ended June 30	
	2022	2021
Cash flows from operating activities		
Tuition and fees	\$ 2,162,928	\$ 1,868,728
Grants and contracts	811,362	1,108,836
Auxiliary enterprise and other revenues	759,166	1,100,077
Payments to employees	(6,636,467)	(5,142,285)
Payments to suppliers	(6,165,404)	(6,544,695)
Net cash used in operating activities	(9,068,415)	(7,609,339)
Cash flows from noncapital financing activities		
State appropriations	5,208,333	4,446,562
Local property taxes	1,661,226	1,582,743
Gifts	357,362	316,331
Federal Pell grant	1,210,599	1,240,796
Federal Higher Education Emergency Relief Fund grant	2,874,325	692,803
Federal Coronavirus Relief Fund grant	-	546,100
Federal direct lending receipts	802,492	1,072,226
Federal direct lending disbursements	(802,492)	(1,072,226)
Other organization and agency transactions	(200)	(25,998)
Net cash provided by noncapital financing activities	11,311,645	8,799,337
Cash flows from capital and related financing activities		
Purchase of capital assets	(1,077,551)	(154,874)
Net repayments of short-term borrowings	(98,121)	(100,912)
Repayments of long-term lease liabilities	(201,577)	(195,162)
Principal paid on long-term debt	(374,000)	(389,414)
Interest	(40,670)	(51,472)
Net cash used in capital and related financing activities	(1,791,919)	(891,834)
Cash flows from investing activities		
Purchase of investments	(69)	(257)
Interest received on investments	2,641	1,992
Net cash provided by investing activities	2,572	1,735
Net increase in cash and cash equivalents	453,883	299,899
Cash and cash equivalents, beginning of year	1,991,798	1,691,899
Cash and cash equivalents, end of year	\$ 2,445,681	\$ 1,991,798

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COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Statements of Cash Flows

	Year Ended June 30	
	2022	2021
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (8,055,365)	\$ (8,081,186)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	913,717	888,353
Deferred compensation	25,000	90,333
Changes in operating assets and liabilities which (used) provided cash:		
Accounts receivable, net	(336,483)	9,494
Inventories	49,841	62,317
Prepaid expenses and other assets	(42,857)	6,019
Due from the Gogebic Community College Foundation	82,467	(18,610)
Accounts payable	3,876	(6,016)
Salaries, wages and related liabilities payable	(84,715)	120,008
Change in net pension liability	(3,624,808)	(1,561,499)
Change in net OPEB liability	(967,650)	(907,645)
Change in deferred pension inflows	1,817,897	330,323
Change in deferred pension outflows	781,730	989,214
Change in deferred OPEB inflows	207,115	439,580
Change in deferred OPEB outflows	161,820	29,976
Net cash used in operating activities	\$ (9,068,415)	\$ (7,609,339)

concluded

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

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Community College District of Gogebic County (the "College") is a community college district organized under Act No. 188, Michigan Public Acts of 1954, as amended, the boundaries of which are coterminous with the boundaries of the County of Gogebic, Michigan.

The College's financial statements have been prepared in accordance with GASB 61, *The Financial Reporting Entity Omnibus*, which requires examination of significant operational or financial relationships with the College. Based on the application of the criteria, the College has one component unit. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational financial relationships with the College.

Gogebic Community College Foundation (the "Foundation") is discretely presented as a separate component unit of the College's reporting entity (although it is legally separate and governed by its own board of directors) because its sole purpose is to provide support for the College. Separate financial statements are issued for the Foundation that are prepared in accordance with the accounting standards established by the Financial Accounting Standards Board (FASB). Those separate financial statements may be obtained by contacting the Foundation Director at the Foundation office at the College.

Change in Accounting Principle

GASB 87 Lease Accounting

For 2022, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognize inflows of resources or outflows of resources based on the payment provisions of the contract. It 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 GASB 87, 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 a deferred inflow of resources. The implementation of the standard effective July 1, 2020, did not have a significant impact on the College's assets, liabilities, deferred inflows, net position, revenues, or expenses as of and for the years ended June 30, 2022 and 2021. The present value of previously classified operating leases was \$710,252 as of July 1, 2020, with the College recording both lease right to use assets and lease obligations for this amount (no impact on net position). The College also restated its statement of net position as of June 30, 2021 by increasing both assets and liabilities by \$511,857. The College also entered into lessor agreements during the year ended June 30, 2022, and recorded lease receivables and deferred inflows related to such leases in the amount of \$65,279. Additional disclosures is found in Notes 5 and 7.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Risks and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. The extent of the ultimate impact of the pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on funders, students, employees, and vendors, all of which cannot be reasonably predicted at this time. In response to the pandemic, the College was awarded \$2,156,105 during 2021 from the Federal Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Act and \$1,920,875 during 2020 from the Federal Coronavirus Aid, Relief, and Economic Security Act (HEERF). The College recognized revenue from these awards of \$2,339,903 and \$1,437,640 during 2022 and 2021, respectively. The College was additionally awarded funding and recognized revenue in the amount of \$546,100 during fiscal year 2021 through the Federal Coronavirus Relief Fund (CRF). While management reasonably expects the COVID-19 outbreak to impact the College's financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Basis of Presentation

The College's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the GASB, including Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities and the State of Michigan Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*. The College follows all applicable GASB pronouncements and the "business-type activities" reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the College's financial activities.

Significant Accounting Policies

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

Accrual Basis

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

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include but are not limited to the allowance for bad debts and accounts receivable, and the assumptions based on historical trends and industry standards used in the actuarial valuations of the MPSERS pension and other postemployment benefits (OPEB) plans.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand deposits and all highly liquid investments with an initial maturity of three months or less.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Accounts Receivable, Net

Accounts receivable resulting from Federal and State grants, State appropriations, Federal Higher Education Emergency Relief Fund grant, property taxes, and student tuition consist of revenues earned, but not received as of year-end. A bad debt allowance is established based on specific assessment of all invoices that remain unpaid following normal student payment periods. In addition, a general valuation allowance is established for student accounts receivable and other receivables based on historical loss experience and knowledge of specifically uncollectible items. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to the bad debt allowance based on its assessment. Balances that are still outstanding after management has used reasonable collection efforts are written off.

Investments

The College carries their investments at fair value, which is determined generally by using quoted market prices. Realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (level 1) and the lowest priority to unobservable data (level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurements, refer to Note 3 to the financial statements.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist of supplies and merchandise.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Capital Assets and Depreciation and Amortization

Capital assets are recorded at cost. Gifts of property are recorded at estimated fair value at the time gifts are received. Expenses for maintenance and repairs are expensed as incurred. Depreciation and amortization is computed using the straight-line method. Land is not depreciated. Expenses for major renewals and betterments that extend the useful lives of the assets are capitalized. Management reviews these assets to determine whether carrying values have been impaired. Management does not believe any assets are impaired in 2022 and 2021.

The following estimated useful lives are used to compute depreciation and amortization:

Classification	Estimated Useful Lives
Buildings	20-50 years
Land improvements	20 years
Equipment	5-15 years
Leased buildings	2-5 years
Leased equipment	5 years

Revenue Recognition

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

Operating revenues of the College consist of tuition and fees, grants and contracts, housing, sales and services of educational activities and auxiliary enterprise revenues. Transactions related to capital and financing activities, noncapital financing activities, investing activities, State appropriations, property taxes, Federal Pell grant revenue and Federal HEERF and Federal CRF grant revenue are components of nonoperating and other revenues. Operating expenses include the cost of services, administrative expenses, and depreciation/amortization on capital assets. All expenses not meeting this definition are reported as nonoperating expenses. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy an expense.

Scholarship Allowance

Student tuition and fee revenue, and certain other revenue from students, is reported net of scholarship allowances in the statements of revenues, expenses and changes in net position (deficit). Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by the students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or 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.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension and other postemployment benefits (OPEB)-related amounts. More detailed information can be found in Note 8.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension, OPEB-related amounts, and leases in which the College is the lessor. More detailed information for the pension and OPEB related amounts can be found in Note 8.

Pension and OPEB Liabilities

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

Internal Services Activities

In the process of aggregating data for the statements of net position and statements of revenues, expenses and changes in net position, some amounts reported as internal activity and balances have been eliminated on the statements of revenues, expenses and changes in net position.

Net Position

Net position is classified into the following categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted nonexpendable: Net position whose use by the College and Foundation is subject to externally imposed constraints that require the amounts be retained in perpetuity.

Restricted expendable: Net position whose use by the College and Foundation is subject to externally imposed constraints that can be fulfilled by actions of the College and Foundation pursuant to those constraints or that expire by the passage of time. The restricted expendable balance of the College and Foundation consists primarily of funds restricted for scholarships, capital projects and other purposes.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees or may otherwise be limited by contractual agreements with outside parties.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

The College's net investment in net capital assets consists of the following as of June 30:

	2022	2021
Capital assets not being depreciated	\$ 366,931	\$ 102,038
Capital assets being depreciated, net	11,629,892	11,644,151
Current portion of long-term obligations	(270,000)	(374,000)
Long-term obligations, net of current portion	(860,000)	(1,192,733)
Current portion of long-term lease obligations	(157,175)	(197,655)
Long-term lease obligations, net of current portion	(243,138)	(317,435)
Total net investment in capital assets	\$ 10,466,510	\$ 9,664,366

Reclassification

Certain amounts as reported in the 2021 financial statements have been reclassified to conform with the 2022 presentation.

2. PROPERTY TAXES

Property taxes are levied on July 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by cities and townships within the College district boundaries, are collected through February 15. Uncollected real property taxes of the College are turned over to the counties in which the district is located for subsequent collection. The College is subsequently paid 100 percent of delinquent real property taxes through the counties' tax revolving funds. These payments are usually received within three to five months after the delinquency date.

During the years ended June 30, 2022 and 2021, \$2.7992 of tax per \$1,000 of taxable property value in the community college taxing district was levied for general operating purposes on all property. Total operating property tax revenue was \$1,632,473 and \$1,592,258 for the years ended June 30, 2022 and 2021, respectively.

3. DEPOSITS AND INVESTMENTS AND FAIR VALUE MEASUREMENTS

Deposits and Investments

State of Michigan ("State") statutes authorize the College to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper of corporations located in this state rated prime by at least one of the standard rating services.

Fair Value Measurements

The College and the Foundation utilize fair value measurements to record fair value adjustments to their investment securities and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

The following is a description of the valuation methodology used for assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified.

College

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

Foundation

Mutual funds: Shares held in mutual funds are valued at quoted market prices that represent the net asset value ("NAV") of shares held by the Foundation at year end and are classified as Level 1. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities then divided by the number of shares outstanding.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the College and Foundation believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the College's investments measured at fair value on a recurring basis as of June 30:

2022	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 68,589	\$ -	\$ -	\$ 68,589

2021	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 68,520	\$ -	\$ -	\$ 68,520

The following tables set forth by level, within the fair value hierarchy, the Foundation's investments measured at fair value on a recurring basis as of June 30:

2022	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 4,617,230	\$ -	\$ -	\$ 4,617,230

2021	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 5,076,381	\$ -	\$ -	\$ 5,076,381

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The College's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market.

As of June 30, 2022 and 2021, the College had certificates of deposit of \$68,589 and \$68,520, respectively, with maturities of less than one year.

As of June 30, 2022 and 2021, the Foundation had mutual funds of \$4,617,230 and \$5,076,381, respectively, of which \$2,426,158 and \$2,350,806 are endowment net assets and therefore, classified as noncurrent investments.

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's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial credit risk be used for the College's deposits. As of June 30, 2022, the College's bank balance of \$2,589,314 had \$2,339,263 of bank deposits that were uninsured and uncollateralized. As of June 30, 2021, the College's bank balance of \$2,132,492 had \$1,882,442 of bank deposits that were uninsured and uncollateralized. The College believes that due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

As a result, the College evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

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 policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the College will do business using the criteria established in the investment policy. All investments that are uninsured and unregistered are held by counterparties.

Credit Risk

The College is authorized by Michigan Public Act 331, as amended through 1997, and by resolution of the board of trustees to invest surplus monies in U.S. Treasury bonds, bills, notes, mutual funds, certain commercial paper and investment pools that are composed of authorized investment vehicles.

Foreign Currency Risk

There are no foreign investments held by the College.

Concentration of Credit Risk

The College places no limit on the amount the College may invest in one issuer.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consist of the following at June 30:

	2022	2021
State appropriations	\$ 977,858	\$ 966,108
Federal Higher Education Emergency Relief Fund grant	263,524	797,946
Student	486,660	501,563
Grants and contracts	492,658	288,408
Property taxes	18,084	46,837
Other	389,053	241,917
	<hr/>	<hr/>
Total	2,627,837	2,842,779
Less allowance for doubtful accounts	100,000	100,000
	<hr/>	<hr/>
Account receivable, net	<u><u>\$ 2,527,837</u></u>	<u><u>\$ 2,742,779</u></u>

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Capital assets not being depreciated:					
Land	\$ 99,543	\$ 119,100	\$ -	\$ -	\$ 218,643
Construction in progress	2,495	145,793	-	-	148,288
Subtotal nondepreciable assets	102,038	264,893	-	-	366,931
Capital assets being depreciated:					
Land improvements	1,530,018	81,471	-	-	1,611,489
Buildings	19,825,701	274,064	-	-	20,099,765
Equipment	8,036,439	457,123	-	-	8,493,562
Leased buildings	710,252	-	-	-	710,252
Leased vehicles	-	86,800	-	-	86,800
Subtotal depreciable assets	30,102,410	899,458	-	-	31,001,868
Total depreciable and nondepreciable assets	30,204,448	1,164,351	-	-	31,368,799
Less accumulated depreciation:					
Land improvements	1,337,188	99,915	-	-	1,437,103
Buildings	10,636,042	346,633	-	-	10,982,675
Equipment	6,286,634	264,434	-	-	6,551,068
Leased buildings	198,395	198,395	-	-	396,790
Leased vehicles	-	4,340	-	-	4,340
Total accumulated depreciation	18,458,259	\$ 913,717	\$ -	\$ -	19,371,976
Total capital assets, net	\$ 11,746,189				\$ 11,996,823

Construction in progress of \$148,288 consists mainly of expenses incurred by June 30, 2022 for improving heating, ventilation, and air conditioning throughout the College's administrative buildings. Estimated costs to complete the project is \$217,462 and the project is expected to be completed in December of 2022.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 99,543	\$ -	\$ -	\$ -	\$ 99,543
Construction in progress	-	2,495	-	-	2,495
Subtotal nondepreciable assets	99,543	2,495	-	-	102,038
Capital assets being depreciated:					
Land improvements	1,458,511	71,507	-	-	1,530,018
Buildings	19,791,927	33,774	-	-	19,825,701
Equipment	8,032,708	50,331	(46,600)	-	8,036,439
Leased buildings	710,252	-	-	-	710,252
Subtotal depreciable assets	29,993,398	155,612	(46,600)	-	30,102,410
Total depreciable and nondepreciable assets	30,092,941	158,107	(46,600)	-	30,204,448
Less accumulated depreciation:					
Land improvements	1,242,725	94,463	-	-	1,337,188
Buildings	10,291,927	344,115	-	-	10,636,042
Equipment	6,081,854	251,380	(46,600)	-	6,286,634
Leased buildings	-	198,395	-	-	198,395
Total accumulated depreciation	17,616,506	\$ 888,353	\$ (46,600)	\$ -	18,458,259
Total capital assets, net	\$ 12,476,435				\$ 11,746,189

The College implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, leased assets have been added to the beginning balances as of June 30, 2020 as shown above and a corresponding lease payable has been recorded for the same amount.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

During the year ended June 30, 2013, the College entered into an agreement with the State of Michigan as part of the Capital Outlay program offered by the Michigan State Building Authority ("MSBA"). The State appropriated approximately \$625,000 toward the construction of the College's Kleimola Tech Building. The appropriations were funded by the issuance of bonds financed by the MSBA. The MSBA bond issue is secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement among the MSBA, the State of Michigan and the College. During the lease term, which is not to exceed 40 years, the MSBA will hold title to the building, the State of Michigan will make all lease payments to the MSBA and the College will pay all operating and maintenance costs. These lease payments are made out of the State of Michigan general operating budget. The cost and accumulated depreciation for the building is included in the College's capital assets as the College will obtain title to the building at the end of the lease. No corresponding obligations have been recorded since there are no payments due by the College under this lease agreement. At the expiration of the lease, which is when bonds are paid off, the MSBA has agreed to convey the title to the College for one dollar.

6. SHORT AND LONG-TERM OBLIGATIONS (INCLUDING SUBSEQUENT EVENT)

Short-term borrowings consist of outstanding draws on a \$1,250,000 revolving line of credit with interest charged at 1.41 percent. The line of credit agreement was available through July 31, 2022 to pay operating expenses. Subsequently, the line of credit was renewed for outstanding draws up to \$1,000,000 with interest charged at 2.24 percent, available through July 29, 2023. Borrowings are collateralized by pledged revenue to be received from State of Michigan appropriations. Short-term borrowing activity was as follows for the years ended June 30:

	2022	2021
Short-term borrowings, beginning of year	\$ 899,088	\$ 1,000,000
Borrowings	9,991	6,100
Repayments	(108,112)	(107,012)
Short-term borrowings, end of year	<u>\$ 800,967</u>	<u>\$ 899,088</u>

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Long-term obligation activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Bond payable					
Facility bonds of 2013	\$ 200,000	\$ -	\$ (100,000)	\$ 100,000	\$ 100,000
Facility bonds of 2018	1,195,000	-	(165,000)	1,030,000	170,000
Total bonds payable	1,395,000	-	(265,000)	1,130,000	270,000
Other					
Deferred compensation	168,333	25,000	(109,000)	84,333	40,333
Other postemployment benefits (see Note 9)	3,400	-	-	3,400	-
Total long-term obligations	\$ 1,566,733	\$ 25,000	\$ (374,000)	\$ 1,217,733	\$ 310,333

Long-term obligation activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Bond payable					
Facility bonds of 2013	\$ 295,000	\$ -	\$ (95,000)	\$ 200,000	\$ 100,000
Facility bonds of 2018	1,355,000	-	(160,000)	1,195,000	165,000
Total bonds payable	1,650,000	-	(255,000)	1,395,000	265,000
Direct borrowings					
Finance leases	49,414	-	(49,414)	-	-
Other					
Deferred compensation	163,000	90,333	(85,000)	168,333	109,000
Other postemployment benefits (see Note 9)	3,400	-	-	3,400	-
Total long-term obligations	\$ 1,865,814	\$ 90,333	\$ (389,414)	\$ 1,566,733	\$ 374,000

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Community College Facility Bonds, Series 2013

In December 2012, the College issued \$835,000 of 2013 community college facility bonds for the purpose of remodeling, equipping and re-equipping and furnishing and refurbishing a College facility. The Bonds bear interest of 2.60 percent and the final payment of \$100,000 is due in November of 2022.

Community College Facility Refunding Bonds, Series 2018

In May 2018, the College issued \$1,665,000 of 2018 community college facility refunding bonds. The bonds bear interest of 3.42 percent and require annual payments ranging from \$100,000 to \$200,000 through 2028.

Future debt service requirements on bonds payable for years ending after June 30, 2022 are as follows:

Year Ending June 30	Bonds Payable		
	Principal	Interest	Total
2023	\$ 270,000	\$ 34,919	\$ 304,919
2024	180,000	26,334	206,334
2025	185,000	20,093	205,093
2026	195,000	13,595	208,595
2027	200,000	6,840	206,840
2028	100,000	1,710	101,710
Totals	\$ 1,130,000	\$ 103,491	\$ 1,233,491

Deferred Compensation Payable

Deferred compensation payable consists of early retirement incentives that the College pays to instructors, secretaries and custodians as required by the union contract and to administrators and support staff per Board policy. At June 30, 2022 and 2021, the College has eleven and ten, respectively, former employees receiving early retirement incentives, with total payments ranging from \$10,000 to \$21,000.

7. LEASES

Lessee Agreements

The College conducts a portion of its operations with leased property and equipment, including building units used for instructional purposes, and vehicles, a portion of which meet capitalization criteria specified by GAAP. These agreements qualify as intangible, right-to-use assets and not financed purchases, as the College will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year. The present values are discounted using interest rates ranging from 1.270 to 1.894 percent based either on the lease's implicit interest rate or the applicable U.S. Treasury yield rate as of the lease's date of implementation.

Asset type	Remaining term of Agreements
Buildings	2-5 years
Equipment	5 years

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Notes to Financial Statements

Capital assets held under leases and included with owned properties on the statements of net position are as follows at June 30:

	2022	2021
Buildings	\$ 710,252	\$ 710,252
Vehicles	86,800	-
Total	797,052	710,252
Less accumulated amortization	401,130	198,395
Net book value	\$ 395,922	\$ 511,857

Lease liability activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Lease payable	\$ 515,090	\$ 86,800	\$ (201,577)	\$ 400,313	\$ 157,175

Lease liability activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Lease payable	\$ 710,252	\$ -	\$ (195,162)	\$ 515,090	\$ 201,577

The College implemented the provisions of GASB Statement No. 87, *Leases*, as of July 1, 2020. In accordance with this Statement, leases payable have been added to the beginning balances shown above.

The present value of future minimum payments as of June 30, 2022, were as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 157,175	\$ 6,922	\$ 164,097
2024	100,607	4,812	105,419
2025	102,558	2,861	105,419
2026	25,602	1,267	26,869
2027	14,371	308	14,679
Total	\$ 400,313	\$ 16,170	\$ 416,483

For fiscal years ended June 30, 2022 and 2021, total interest charged to expense for lease obligations was \$6,403 and \$7,887, respectively.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Lessor Agreements

The College's leasing operations consist principally of the leasing of several units in the College's Technical Trades Building.

Asset type	Remaining term of Agreements
Buildings	3 years

The College is involved in one agreement as a lessor that qualifies a long-term lease agreement. This agreement qualifies as a long-term lease agreement as the lessor will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. The present value is discounted using an interest rate of 1.27 percent based on the applicable U.S. Treasury yield rate as of the lease's date of implementation. Total lease revenue from this agreement was \$20,651 in 2022. There was no lease revenue in 2021.

Lease receivable activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Lease Receivable	\$ -	\$ 84,199	\$ (18,920)	\$ 65,279	\$ 20,892

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

8. PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

Defined Benefit Plan

Plan Description

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

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

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

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

Pension Benefits Provided

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

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

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided

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

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

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2020 valuation will be amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2022, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 14.51% - 15.05% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	19.78% - 20.14%
Member Investment Plan (MIP)	3.00% - 7.00%	19.78% - 20.14%
Pension Plus	3.00% - 6.40%	16.82% - 17.22%
Pension Plus 2	6.20%	19.59% - 19.93%
Defined Contribution	0.00%	13.39% - 13.73%

Required contributions to the pension plan from the College were \$744,359, \$750,812 and \$769,077 for the years ended June 30, 2022, 2021 and 2020.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2022:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.09% - 8.43%
Personal Healthcare Fund (PHF)	0.00%	7.23% - 7.57%

Required contributions to the OPEB plan from the College were \$159,497, \$179,784 and \$182,348 for the years ended June 30, 2022, 2021 and 2020.

The table below summarizes defined contribution rates in effect for fiscal year 2022:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the years ended June 30, 2022, 2021 and 2020, required and actual contributions from the College for those members with a defined contribution benefit were \$17,729, \$15,343 and \$20,898, respectively.

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

At June 30, 2022 and 2021, the College reported a liability of \$5,892,917 and \$9,517,725, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021 and 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2020 and 2019. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the College's proportion was 0.02489%, which was a decrease of 0.00282% points from its proportion measured as of September 30, 2020 of 0.02771%.

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For the year ended June 30, 2022, the College recognized a reduction of pension expense of \$301,514. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
2022			
Differences between expected and actual experience	\$ 91,284	\$ 34,702	\$ 56,582
Changes in assumptions	371,468	-	371,468
Net difference between projected and actual earnings on pension plan investments	-	1,894,554	(1,894,554)
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,923,933	(1,923,933)
	462,752	3,853,189	(3,390,437)
College contributions subsequent to the measurement date	681,556	-	681,556
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	358,675	(358,675)
Total	\$ 1,144,308	\$ 4,211,864	\$ (3,067,556)

The \$681,556 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The \$358,675 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2023	\$ (986,977)
2024	(984,325)
2025	(823,838)
2026	(595,297)
Total	\$ (3,390,437)

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Notes to Financial Statements

For the year ended June 30, 2021, the College recognized pension expense of \$524,785. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 145,423	\$ 20,314	\$ 125,109
Changes in assumptions	1,054,656	-	1,054,656
Net difference between projected and actual earnings on pension plan investments	39,989	-	39,989
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,034,072	(2,034,072)
	1,240,068	2,054,386	(814,318)
College contributions subsequent to the measurement date	685,970	-	685,970
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	339,581	(339,581)
Total	\$ 1,926,038	\$ 2,393,967	\$ (467,929)

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

At June 30, 2022 and 2021, the College reported a liability of \$366,609 and \$1,334,259, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2020 and 2019. The College's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the College's proportion was 0.02402%, which was a decrease of 0.00089% points from its proportion measured as of September 30, 2020 of 0.02491%.

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Notes to Financial Statements

For the year ended June 30, 2022, the College recognized a reduction to OPEB expense of \$438,412. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2022	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 1,046,459	\$ (1,046,459)
Changes in assumptions	306,467	45,859	260,608
Net difference between projected and actual earnings on OPEB plan investments	-	276,320	(276,320)
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,097	704,586	(701,489)
	309,564	2,073,224	(1,763,660)
College contributions subsequent to the measurement date	131,899	-	131,899
Total	\$ 441,463	\$ 2,073,224	\$ (1,631,761)

The \$131,899 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount
2023	\$ (509,184)
2024	(461,227)
2025	(382,664)
2026	(313,892)
2027	(85,477)
Thereafter	(11,216)
Total	\$ (1,763,660)

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Notes to Financial Statements

For the year ended June 30, 2021, the College recognized a reduction to OPEB expense of \$259,743. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2021	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 994,148	\$ (994,148)
Changes in assumptions	439,932	-	439,932
Net difference between projected and actual earnings on OPEB plan investments	11,136	-	11,136
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,350	871,961	(869,611)
	453,418	1,866,109	(1,412,691)
College contributions subsequent to the measurement date	149,865	-	149,865
Total	\$ 603,283	\$ 1,866,109	\$ (1,262,826)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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Notes to Financial Statements

The total pension and OPEB liabilities in the September 30, 2020 and 2019 actuarial valuations (for the fiscal years ended June 30, 2022 and 2021) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80%
Pension Plus plan (hybrid)	6.80%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 (7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 120 in 2019)
Mortality	RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2021, are based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4367 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.1312 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

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Notes to Financial Statements

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2020, are based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4892 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.9870 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Long-term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 and 2020, are summarized in the following tables:

2021			
	Asset Class	Target Allocation	Long-term Expected Real Rate of Return
	Domestic equity pools	25.00%	5.09%
	Private equity pools	16.00%	8.58%
	International equity pools	15.00%	7.08%
	Fixed income pools	10.50%	-0.73%
	Real estate and infrastructure pools	10.00%	5.12%
	Absolute return pools	9.00%	2.42%
	Real return/opportunistic pools	12.50%	5.73%
	Short-term investment pools	2.00%	-1.29%
		<u>100.00%</u>	
			5.04%
	Inflation		2.00%
	Risk adjustment		-0.24%
	Investment rate of return		<u>6.80%</u>

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2020			
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Absolute return pools	9.00%	3.02%	0.27%
Real return/opportunistic pools	12.50%	6.23%	0.78%
Short-term investment pools	2.00%	-0.09%	0.00%
	<u>100.00%</u>		5.33%
Inflation			2.10%
Risk adjustment			<u>-0.63%</u>
Investment rate of return			<u>6.80%</u>

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Notes to Financial Statements

Long-Term Expected Return on OPEB Plan Assets

The long-term expected rate of return on 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2021 and 2020, are summarized in the following tables:

2021			
	Asset Class	Target Allocation	Long-term Expected Real Rate of Return
	Domestic equity pools	25.00%	5.09%
	Private equity pools	16.00%	8.58%
	International equity pools	15.00%	7.08%
	Fixed income pools	10.50%	-0.73%
	Real estate and infrastructure pools	10.00%	5.12%
	Absolute return pools	9.00%	2.42%
	Real return/opportunistic pools	12.50%	5.73%
	Short-term investment pools	2.00%	-1.29%
		<u>100.00%</u>	
			5.04%
	Inflation		2.00%
	Risk adjustment		-0.09%
			<u>6.95%</u>
	Investment rate of return		6.95%

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

2020			
Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.29%	1.32%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	15.00%	6.98%	1.05%
Fixed income pools	10.50%	0.47%	0.05%
Real estate and infrastructure pools	10.00%	4.62%	0.46%
Absolute return pools	9.00%	3.02%	0.27%
Real return/opportunistic pools	12.50%	6.23%	0.78%
Short-term investment pools	2.00%	-0.09%	0.00%
	100.00%		5.33%
Inflation			2.10%
Risk adjustment			-0.48%
Investment rate of return			6.95%

Rate of Return

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.30% and 27.14%, respectively. For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan) and 6.95%, respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
College's proportionate share of the net pension liability	\$ 8,425,273	\$ 5,892,917	\$ 3,793,427

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2021:

1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
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College's proportionate share of the net pension liability	\$ 12,319,080	\$ 9,517,725	\$ 7,196,025
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Sensitivity of College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
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College's proportionate share of the net OPEB liability	\$ 681,225	\$ 366,609	\$ 99,612
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The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2021:

1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
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College's proportionate share of the net OPEB liability	\$ 1,714,007	\$ 1,334,259	\$ 1,014,543
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COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Sensitivity of College's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2022:

	1% Decrease (6.75%)	Current Healthcare Cost Trend Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net OPEB liability	\$ 89,230	\$ 366,609	\$ 678,694

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2021:

	1% Decrease (6.0%)	Current Healthcare Cost Trend Rate (7.0%)	1% Increase (8.0%)
College's proportionate share of the net OPEB liability	\$ 1,002,301	\$ 1,334,259	\$ 1,711,820

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2022, the College reported a payable of \$98,670 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022. At June 30, 2021, the College reported a payable of \$97,266 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2021.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

Payable to the OPEB Plan

At June 30, 2022, the College reported a payable of \$12,809 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2022. At June 30, 2021, the College reported a payable of \$15,515 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2021.

Defined Contribution

Effective July 1, 2007, existing professional MPSERS members and new professional employees of the College may elect to participate in an Optional Retirement Program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association (TIAA). As of June 30, 2022 and 2021, the plan had 44 and 46 participants, respectively. Under ORP, the College contributes 13.0 percent and the participant contributes 4.0 percent of the participant's compensation. Participants are immediately 100 percent vested in all ORP contributions. Total contributions by the College were \$356,609 and \$358,933 for the years ended June 30, 2022 and 2021, respectively. Total contributions by employees were \$148,158 and \$158,239 for the years ended June 30, 2022 and 2021, respectively.

9. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the College pays the retirees' portion of health insurance costs of certain retirees until the retiree, or spouse if covered, is eligible for Medicare benefits. The employee must have been eligible for early retirement under the Michigan Public School Employees Retirement System ("MPSERS"). Currently, the College has six employees who have elected early retirement and are receiving this benefit. There are no active employees who will become eligible for this benefit as it is no longer offered.

The College contributes 10.0 percent of the current-year premiums and pays the annual deductible for the eligible retirees and their spouses, if covered. During the years ended June 30, 2022 and 2021, the College contributed \$2,935 and \$3,004, respectively, towards the Plan. The College has estimated the cost of providing this retiree health care benefit through an actuarial valuation as of June 30, 2019.

The actuarial accrued liability ("AAL") was determined to be \$3,400 as of June 30, 2022 and 2021. The College elected to accrue the entire liability. These amounts are unfunded as of June 30, 2022 and 2021. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the future.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Financial Statements

10. RISK MANAGEMENT

The College is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has obtained coverage from commercial insurance companies.

Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Management estimates that the amount of actual or potential claims against the College as of June 30, 2022 and 2021, will not materially affect the financial condition of the College. Therefore, the financial statements contain no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

11. COLLECTIVE BARGAINING AGREEMENTS

Approximately 67% of the College employees are covered by collective bargaining agreements: 3% are part of the American Federation of State, County, and Municipal Employees, American Federation of Labor and Congress of Industrial Organizations ("AFL-CIO"), 18% are part of the Education Support Personnel, WUPEA/MEA-NEA, 43% belong to the Michigan Association of Higher Education, and 36% are not part of a union group. All collective bargaining units have contracts in place.

12. SERVICE CONCESSION ARRANGEMENT

In October 2012, the College entered into a use agreement with the State of Michigan Department of Natural Resources to operate the State owned Porcupine Mountain Ski Hill for the fiscal year 2013 ski season as part of the College's Ski Area Management program. In December 2021, the use agreement was extended for a final year, ending in March 2022. The use agreement contains clauses stating the State of Michigan will reimburse the College for any operating losses incurred and for any capital improvements. The activity is reported as an independent operation in the Auxiliary Enterprise Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

**MPSERS COST-SHARING
MULTIPLE-EMPLOYER PLANS**

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
College's proportionate share of the net pension liability	\$ 5,892,917	\$ 9,517,725	\$ 11,079,224	\$ 11,201,413	\$ 10,186,602	\$ 10,545,196	\$ 10,478,031	\$ 9,699,598
College's proportion of the net pension liability	0.02489%	0.02771%	0.03346%	0.03726%	0.03931%	0.04270%	0.04290%	0.04404%
College's covered payroll	\$ 2,166,715	\$ 2,207,750	\$ 2,731,275	\$ 3,053,922	\$ 3,223,422	\$ 3,493,614	\$ 3,658,881	\$ 3,799,783
College's proportionate share of the net pension liability as a percentage of its covered payroll	271.97%	431.11%	405.64%	366.79%	316.02%	301.84%	286.37%	255.27%
Plan fiduciary net position as a percentage of the total pension liability	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

See notes to required supplementary information.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

Schedule of the College's Pension Contributions

	Year Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 744,359	\$ 750,812	\$ 769,077	\$ 1,089,884	\$ 953,479	\$ 926,222	\$ 963,735	\$ 816,712
Contributions in relation to the statutorily required contribution	<u>(744,359)</u>	<u>(750,812)</u>	<u>(769,077)</u>	<u>(1,089,884)</u>	<u>(953,479)</u>	<u>(926,222)</u>	<u>(963,735)</u>	<u>(816,712)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 2,015,155	\$ 2,240,356	\$ 2,219,157	\$ 2,873,750	\$ 3,188,083	\$ 3,285,971	\$ 3,413,193	\$ 3,733,269
Contributions as a percentage of covered payroll	36.94%	33.51%	34.66%	37.93%	29.91%	28.19%	28.24%	21.88%

See notes to required supplementary information.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

	Year Ended June 30				
	2022	2021	2020	2019	2018
College's proportionate share of the net OPEB liability	\$ 366,609	\$ 1,334,259	\$ 2,241,904	\$ 2,852,093	\$ 3,502,156
College's proportion of the net OPEB liability	0.02402%	0.02491%	0.03123%	0.03588%	0.03955%
College's covered payroll	\$ 2,166,715	\$ 2,207,750	\$ 2,731,275	\$ 3,053,922	\$ 3,223,422
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.92%	60.44%	82.08%	93.39%	108.65%
Plan fiduciary net position as a percentage of the total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%

See notes to required supplementary information.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plans

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

Schedule of the College's Other Postemployment Benefits Contributions

	Year Ended June 30				
	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 159,497	\$ 179,784	\$ 182,348	\$ 222,939	\$ 227,550
Contributions in relation to the statutorily required contribution	<u>(159,497)</u>	<u>(179,784)</u>	<u>(182,348)</u>	<u>(222,939)</u>	<u>(227,550)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 2,015,155	\$ 2,240,356	\$ 2,219,157	\$ 2,873,750	\$ 3,188,083
Contributions as a percentage of covered payroll	7.91%	8.02%	8.22%	7.76%	7.14%

See notes to required supplementary information.

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Notes to Required Supplementary Information

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the College's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the College's Proportionate Share of the Net OPEB Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

SUPPLEMENTARY INFORMATION

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Combining Statement of Net Position (Deficit)

June 30, 2022 (Unaudited)

(with comparative totals for 2021)

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension/OPEB Liability Fund	Plant Fund	Combined Total June 30, 2022	Combined Total June 30, 2021
Assets								
Current assets								
Cash and cash equivalents	\$ 1,620,361	\$ 52,384	\$ 101,560	\$ 101,386	\$ -	\$ 569,990	\$ 2,445,681	\$ 1,991,798
Investments	64,944	3,645	-	-	-	-	68,589	68,520
Accounts receivable, net	1,599,737	133,617	51,013	631,991	111,479	-	2,527,837	2,742,779
Current portion of lease receivable	-	-	-	-	-	20,892	20,892	-
Inventories	13,234	80,276	127,345	-	-	-	220,855	270,696
Prepaid expenses and other assets	32,374	-	41,000	-	-	-	73,374	30,517
Due from (due to) other funds	651,768	(2,558)	(234,432)	(424,347)	-	9,569	-	-
Due from Gogebic Community College Foundation	2,036	-	-	-	-	-	2,036	84,503
Total current assets	3,984,454	267,364	86,486	309,030	111,479	600,451	5,359,264	5,188,813
Noncurrent assets								
Capital assets not being depreciated	-	-	-	-	-	366,931	366,931	102,038
Capital assets being depreciated, net	-	-	-	-	-	11,629,892	11,629,892	11,644,151
Lease receivable, net of current portion	-	-	-	-	-	44,387	44,387	-
Total noncurrent assets	-	-	-	-	-	12,041,210	12,041,210	11,746,189
Total assets	3,984,454	267,364	86,486	309,030	111,479	12,641,661	17,400,474	16,935,002
Deferred outflows of resources								
Deferred pension amounts	-	-	-	-	1,144,308	-	1,144,308	1,926,038
Deferred other postemployment benefits amounts	-	-	-	-	441,463	-	441,463	603,283
Total deferred outflows of resources	-	-	-	-	1,585,771	-	1,585,771	2,529,321

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COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Combining Statement of Net Position (Deficit)

June 30, 2022 (Unaudited)

(with comparative totals for 2021)

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension/OPEB Liability Fund	Plant Fund	Combined Total June 30, 2022	Combined Total June 30, 2021
Liabilities								
Current liabilities								
Accounts payable	\$ 106,344	\$ -	\$ 8,281	\$ -	\$ -	\$ -	\$ 114,625	\$ 110,749
Salaries, wages and related liabilities payable	512,513	-	-	-	111,479	-	623,992	708,707
Interest payable	177	-	-	-	-	6,284	6,461	7,838
Short-term borrowings	800,967	-	-	-	-	-	800,967	899,088
Due to depositors and other liabilities	3,000	-	10,850	-	-	-	13,850	14,050
Current portion of long-term lease obligations	-	-	-	-	-	157,175	157,175	197,655
Current portion of long-term obligations	40,333	-	-	-	-	270,000	310,333	374,000
Total current liabilities	1,463,334	-	19,131	-	111,479	433,459	2,027,403	2,312,087
Noncurrent liabilities								
Long-term obligations, net of current portion	44,000	3,400	-	-	-	860,000	907,400	1,192,733
Long-term lease obligations, net of current portion	-	-	-	-	-	243,138	243,138	317,435
Net pension liability	-	-	-	-	5,892,917	-	5,892,917	9,517,725
Net other postemployment benefits liability	-	-	-	-	366,609	-	366,609	1,334,259
Total noncurrent liabilities	44,000	3,400	-	-	6,259,526	1,103,138	7,410,064	12,362,152
Total liabilities	1,507,334	3,400	19,131	-	6,371,005	1,536,597	9,437,467	14,674,239
Deferred inflows of resources								
Deferred lease amounts	-	-	-	-	-	65,279	65,279	-
Deferred pension amounts	-	-	-	-	4,211,864	-	4,211,864	2,393,967
Deferred other postemployment benefits amounts	-	-	-	-	2,073,224	-	2,073,224	1,866,109
Total deferred inflows of resources	-	-	-	-	6,285,088	65,279	6,350,367	4,260,076
Net position (deficit)								
Net investment in capital assets	-	-	-	-	-	10,466,510	10,466,510	9,664,366
Net position restricted for:								
Expendable scholarships	-	-	-	309,030	-	-	309,030	274,351
Unrestricted (deficit)	2,477,120	263,964	67,355	-	(10,958,843)	573,275	(7,577,129)	(9,408,709)
Total net position (deficit)	\$ 2,477,120	\$ 263,964	\$ 67,355	\$ 309,030	\$ (10,958,843)	\$ 11,039,785	\$ 3,198,411	\$ 530,008

concluded

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Combining Statement of Revenues, Expenses, Transfers and Changes in Net Position (Deficit)

June 30, 2022 (Unaudited)

(with comparative totals for 2021)

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension/OPEB Liability Fund	Plant Fund	Eliminations	Combined Total June 30, 2022	Combined Total June 30, 2021
Operating revenues									
Tuition and fees, net	\$ 3,809,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,661,388)	\$ 2,148,025	\$ 2,048,788
Federal grants and contracts	24,060	-	-	484,052	-	-	-	508,112	520,709
State and local grants and contracts	-	-	-	507,500	-	-	-	507,500	553,262
Intermediate school district rent	31,194	-	-	-	-	-	-	31,194	17,726
Sales and services of education activities	12,717	-	-	-	-	-	-	12,717	9,686
Sales and services of auxiliary enterprises	-	34,305	814,634	-	-	-	(51,409)	797,530	867,762
Current funds capital expenditures	-	-	-	-	-	956,425	(956,425)	-	-
Other revenues	64,861	-	-	-	-	-	-	64,861	50,214
Total operating revenues	3,942,245	34,305	814,634	991,552	-	956,425	(2,669,222)	4,069,939	4,068,147
Operating expenses									
Instruction	4,184,568	34,121	-	-	(916,344)	-	(606,104)	2,696,241	3,825,331
Instructional support	857,085	57,212	-	-	(170,897)	-	(172,857)	570,543	677,366
Student services	1,672,142	161,973	535,568	4,753,942	(334,460)	-	(1,834,852)	4,954,313	3,503,076
Public service	503,547	-	-	2,503	(72,364)	-	-	433,686	315,730
Institutional administration	1,460,991	271,073	-	-	(307,497)	-	-	1,424,567	1,659,823
Information technology	327,978	-	-	-	(63,839)	-	-	264,139	293,039
Operation and maintenance of plant	614,378	22,087	-	-	(117,170)	-	-	519,295	592,728
Independent operations	-	-	404,212	-	-	-	(55,409)	348,803	393,887
Depreciation	-	-	-	-	-	913,717	-	913,717	888,353
Total operating expenses	9,620,689	546,466	939,780	4,756,445	(1,982,571)	913,717	(2,669,222)	12,125,304	12,149,333
Operating (loss) income	(5,678,444)	(512,161)	(125,146)	(3,764,893)	1,982,571	42,708	-	(8,055,365)	(8,081,186)
Nonoperating revenues (expenses)									
State appropriations	5,578,758	-	-	-	(358,675)	-	-	5,220,083	4,986,386
Federal Pell grant	-	-	-	1,210,599	-	-	-	1,210,599	1,240,796
Federal Higher Education Emergency Relief Fund grant	-	-	-	2,339,903	-	-	-	2,339,903	1,437,640
Federal Coronavirus Relief Fund grant	-	-	-	-	-	-	-	-	546,100
Property tax levy	1,632,473	-	-	-	-	-	-	1,632,473	1,592,258
Gifts	-	43,186	5,260	189,816	-	-	-	238,262	316,331
Net investment income	2,049	475	117	-	-	-	-	2,641	1,992
Interest on capital asset related debt	-	-	-	-	-	(39,293)	-	(39,293)	(50,179)
Gifts from Gogebic Community College Foundation	-	-	-	-	-	-	-	-	(22,965)
Net nonoperating revenues (expenses)	7,213,280	43,661	5,377	3,740,318	(358,675)	(39,293)	-	10,604,668	10,048,359

continued...

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Combining Statement of Revenues, Expenses, Transfers and Changes in Net Position (Deficit)
June 30, 2022 (Unaudited)
(with comparative totals for 2021)

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension/OPEB Liability Fund	Plant Fund	Eliminations	Combined Total June 30, 2022	Combined Total June 30, 2021
Other revenues									
Capital gift	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,100	\$ -	\$ 119,100	\$ -
Income (loss) before transfers	1,534,836	(468,500)	(119,769)	(24,575)	1,623,896	122,515	-	2,668,403	1,967,173
Transfers in (out)	(1,221,779)	524,630	32,294	56,020	-	608,835	-	-	-
Increase (decrease) in net position	313,057	56,130	(87,475)	31,445	1,623,896	731,350	-	2,668,403	1,967,173
Net position (deficit), beginning of year	2,164,063	207,834	154,830	277,585	(12,582,739)	10,308,435	-	530,008	(1,437,165)
Net position (deficit), end of year	\$ 2,477,120	\$ 263,964	\$ 67,355	\$ 309,030	\$ (10,958,843)	\$ 11,039,785	\$ -	\$ 3,198,411	\$ 530,008

concluded