AUDITED FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTAL INFORMATION
OTHER FINANCIAL INFORMATION
AND SUPPLEMENTAL REPORTS

COMMUNITY COLLEGE DISTRICT
OF GOGEBIC COUNTY
IRONWOOD, MICHIGAN

June 30, 2018

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Community College District of Gogebic County and its discretely presented component unit as of June 30, 2018 and 2017, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note O to the financial statements, during the year ended June 30, 2018, Community College District of Gogebic County implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14 and the required supplemental information on pages 56 and 59, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Community College District of Gogebic County's basic financial statements. The accompanying Other Financial Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report November 9, 2018 on our consideration of Community College District of Gogebic County'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 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 Community College District of Gogebic County's internal control over financial reporting and compliance.

Makela, Pollack & Ahonen, PLLC

Certified Public Accountants

Ironwood, Michigan
November 9, 2018

Management's Discussion and Analysis

The discussion and analysis of Community College District of Gogebic County's (College) financial statements provides an overview of the College's financial activities for the year ended June 30, 2018. 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. In compliance with these statements, the Gogebic Community College 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, required supplemental information, other information and supplemental reports.

Financial Highlights

The College's financial position, without the implementation of GASB's Statements No. 68, 71 and 75, remained strong at June 30, 2018. During the year ended June 30, 2015, the College implemented GASB Statements No. 68 and 71 and during the year ended June 30, 2018 the College implemented GASB Statement No. 75. These GASB's require the College to record its share of the State of Michigan's unfunded pension and other postemployment 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 $13,273,320 as of June 30, 2018. The College reported assets of $14.5 million and deferred outflow of resources of $2.2 million, liabilities of $18.3 million and deferred inflow of resources of $ 1.8 million. Net position, which represents the residual interest in the College's assets after liabilities are deducted, is a $3,341,793 deficit. The net position consists of $8.4 million invested in capital assets, net of related debt, $.3 million restricted and a $12 million deficit in unrestricted net position. During the year the College refunded the 2006 College Facilities Bonds with a 4.95% interest rate by issuing the 2018 College Facilities Refunding Bonds with a 3.42% interest rate in an effort to reduce the College's debt and interest obligations in to the future.

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

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the College as a whole. These statements report the College's financial position as of June 30, 2018 and 2017 and 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 Statement of Net Position and the Statement 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 Statement of Net Position

	June 30, 2018	June 30, 2017
ASSETS		
Cash, cash equivalents and investments	$ 1,399,631	$ 1,134,961
Receivables	1,760,047	1,659,604
Other assets	459,854	551,611
Capital assets, net of depreciation	10,895,613	11,413,206
TOTAL ASSETS	$ 14,515,145	$ 14,759,382
DEFERRED OUTFLOW OF RESOURCES		
Related to pensions and OPEBs	$ 2,232,270	$ 1,277,378
LIABILITIES		
Note payable	$ 1,150,000	1,150,000
Other current liabilities	750,061	709,803
Long-term debt:		
Due in one year	489,078	444,417
Due in more than one year	2,194,479	2,499,041
Net pension liability	10,186,602	10,545,196
Net OPEB liability	3,502,156	
TOTAL LIABILITIES	$ 18,272,376	$ 15,348,457
DEFERRED INFLOW OF RESOURCES		
Related to pensions and OPEBs	$ 1,816,832	$ 622,904
NET POSITION	$ (3,341,793)	$ 65,399

The 2017 figures have not been updated for the implementation of GASB Statement No. 75.

Condensed Statement of Revenues, Expenses and Changes in Net Position

		Year ended June 30,	
		2017	2017
Operating revenues		$ 4,992,754	$ 4,926,474
Operating expenses		(12,857,079)	(12,497,803)
	OPERATING LOSS	$ (7,864,325)	$ (7,571,329)
Nonoperating revenue		7,998,172	7,844,197
	INCREASE IN NET POSITION	$ 133,847	$ 272,868

The 2017 figures have not been updated for the implementation of GASB Statement No. 75.

Operating Revenues

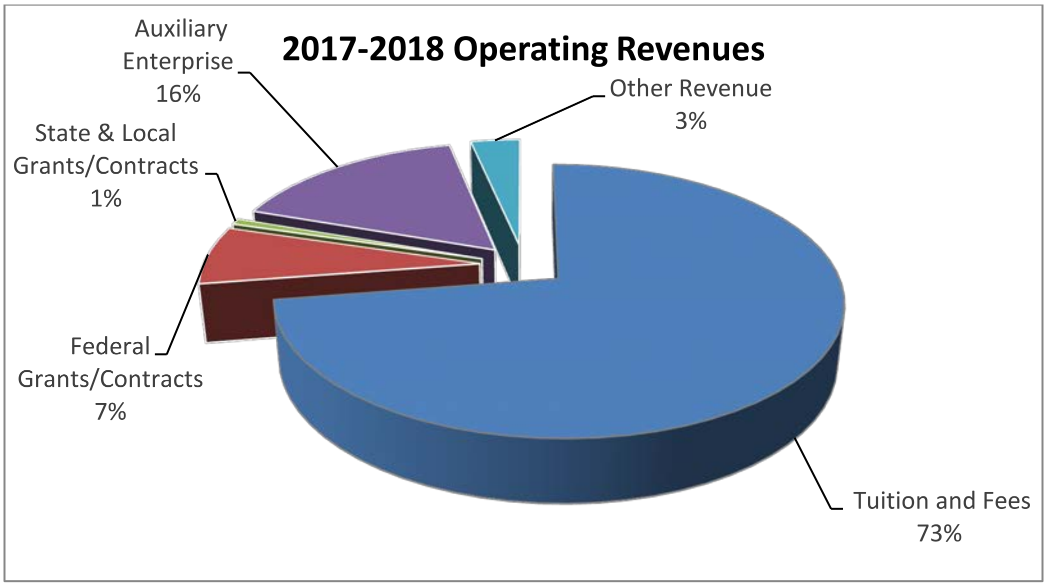
Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, Lindquist Student Center, Student Housing, Snack Bar, and Bookstore operations. In addition, certain federal, state and private grants are considered operating if they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

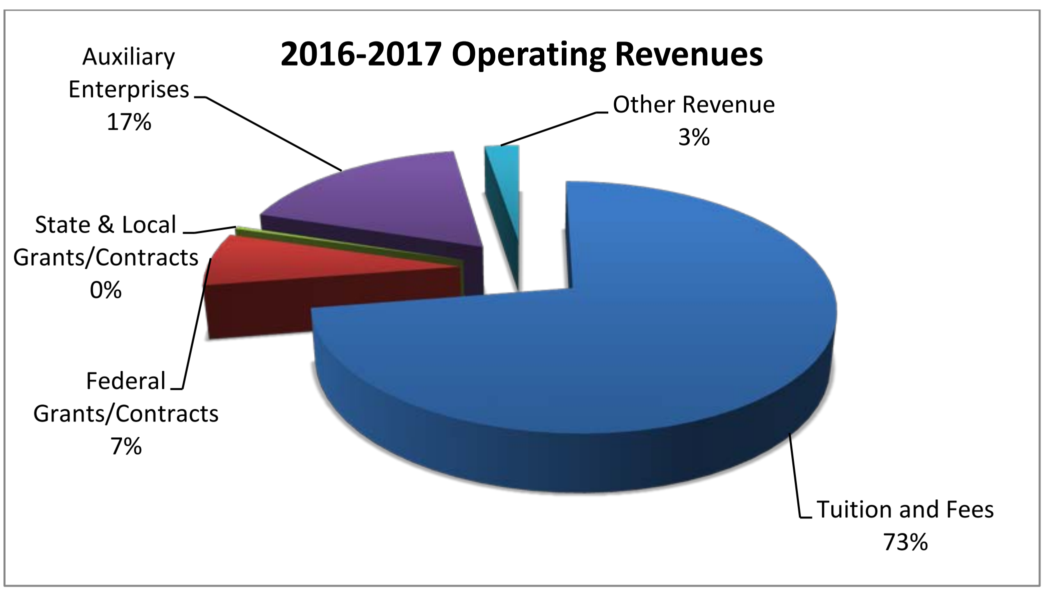
Operating revenue changes were the result of the following factors:

- For the year ended June 30, 2018, student tuition and fee revenue increased $22,435 as a result of the College incurring slight drop in enrollment and a Board approved tuition increase of $5 per credit hour for In-District and $8 per credit hour for Out-of-District and Out-of-State Reciprocity, $9 per credit hour for Out-of-State, and no increase per credit hour for International. The Board also approved fee increases for a small number of courses.
- For the year ended June 30, 2017, student tuition and fee revenue increased $305,067 as a result of the College incurring relatively flat enrollment and a Board approved tuition increase of $4 per credit hour for In-District and $6 per credit hour for Out-of-District and Out-of-State Reciprocity, $6 per credit hour for Out-of-State, and a $5 per credit hour tuition increase for International. The Board also approved fee increases for a small number of courses.
- For the year ended June 30, 2018, auxiliary services revenues decreased by 3.9% and expenses increased by 7.3%, due to the decreased sales and increased expenses in the Bookstore. The Residential Housing revenues decreased and expenses increased resulting in less funds available to transfer for bond payments. These factors resulted in a $90,519 decrease in transfers from the auxiliary services. The net effect was a $30,981 decrease in auxiliary services net position.
- For the year ended June 30, 2017, auxiliary services revenues increased by 3.7% and expenses increased by .15%, due to the increased operations of the Porcupine Mountain Ski Area, the decrease in Mt. Zion use, and increased sales in the Bookstore. These factors resulted in a $29,965 decrease in transfers to the auxiliary services. The net effect was a $5,094 increase in auxiliary services net position

Operating Revenues (Continued)

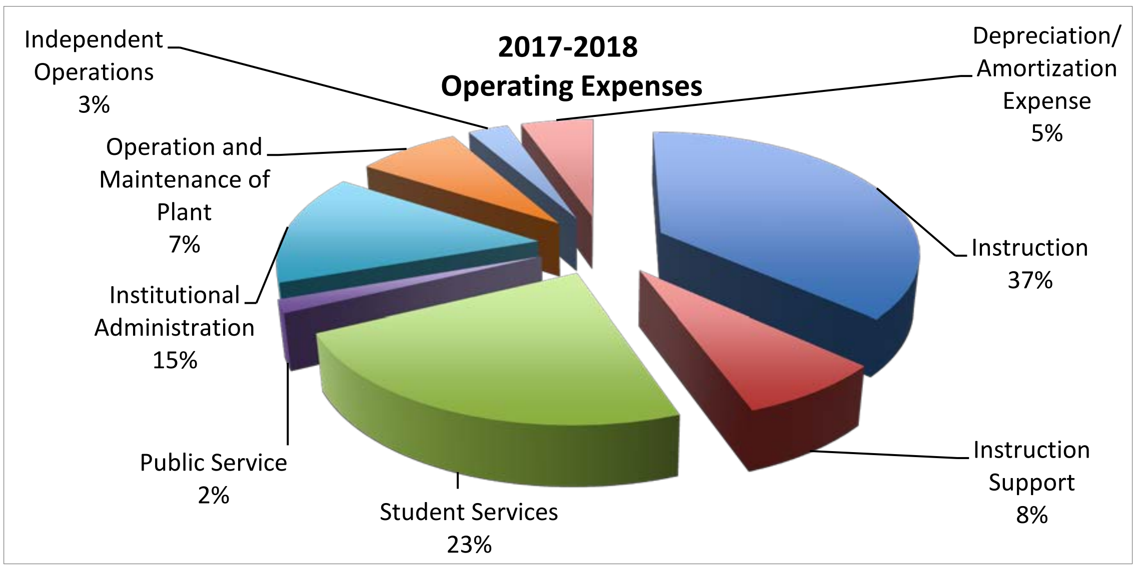
The following is a graphic illustration of operating revenues by source:

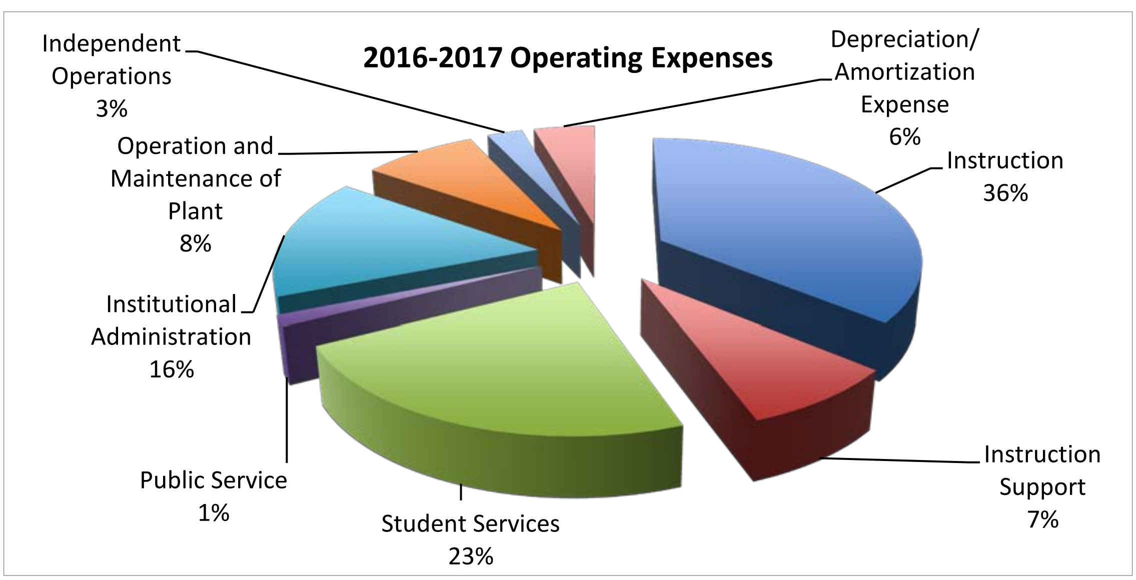




Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. The operating expenses of the General Fund for the year ended June 30, 2018 increased by $429,696 to $9,701,827. The operating expenses of the General Fund for the year ended June 30, 2017 decreased by $68,621 to $9,272,131. Instruction, Instructional Support, and Student Services account for 68% of all expenses. The following is a graphic illustration of the operating expenses by function:





Non-operating Revenues

Non-operating revenues are all revenue sources that are primarily non-exchange in nature. They consist of state appropriations, property tax revenue, investment income, and grants and contracts that do not require any services to be performed, in addition to the clarification of GASB Statements No. 34 and 35, which reclassifies Pell grants as a non-operating revenue.

Non-operating revenue increased $153,975 during the year ended June 30, 2018, as a result of the following factors:

- Pell grant funding increased by $69,857
- State appropriations increased $125,289
- The remaining Bond discount of $62,944 on the refunded bonds was removed and there were $35,569 of bond issuance costs incurred for refunding bonds.
- Miscellaneous increases and decreases to non-operating accounts

Other Revenue

Other revenue consists of items that are typically nonrecurring, extraordinary, or unusual to the College. Examples are additions to permanent endowments and transfers in (out) from other funds.

Statement of Cash Flows

The Statement of Cash Flows primary purpose is to provide relevant information about the cash receipts and cash payments of the College during the year. The Statement 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

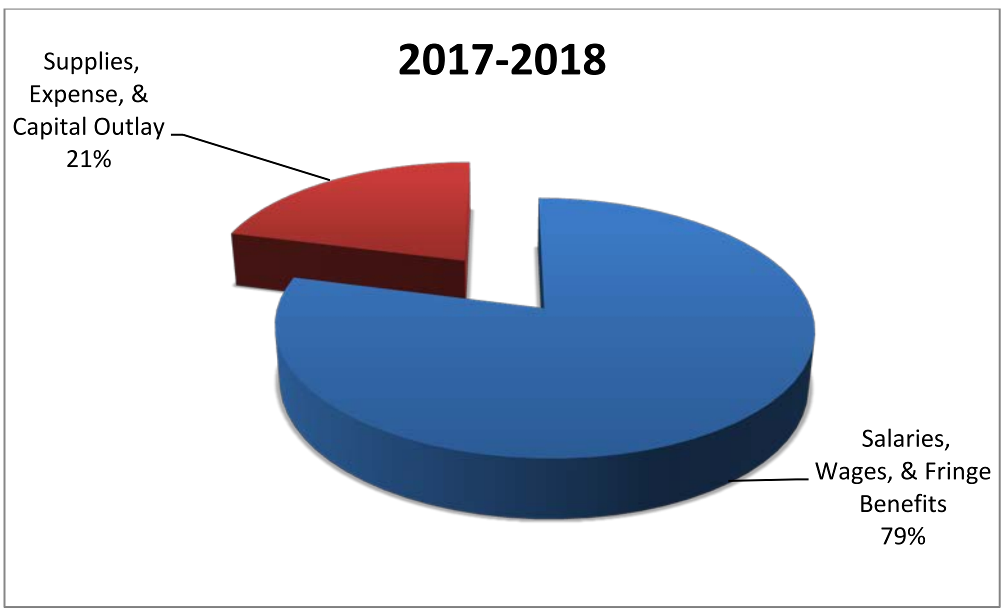
The College's cash position increased during the year by $264,369. Cash and cash equivalents were $1,332,350 as of June 30, 2018. Details of how the increase occurred are contained in the Statement of Cash Flows.

General Fund Expenditures

General Fund salaries and wages increased $254,327 and fringe benefits increased $59,927 for the year ended June 30, 2018. This amounted to a 5.2% increase in salaries and a 2.4% increase in the cost of benefits. Because of these changes and increased tuition and state aid, the College reported a $211,956 increase in the General Fund net position for the year. This shows a drop from the $471,685 increase last year. The net effect of the GASB required adjustments and related state aid received and used for pensions and other postemployment benefits are recorded in the Pension/OPEB Liability Fund.

Since General Fund salaries, wages and fringe benefits accounted for 79% of total expenditures for the years ended June 30, 2018 and 2017, 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.

The following is a graphic illustration of the breakdown of total General Fund expenditures for the year ended June 30, 2018.



Capital Asset and Debt Administration

Capital Assets

As of June 30, 2018, the College had $10.9 million invested in capital assets, net of accumulated depreciation. Capital investments for the year were $165,715 and depreciation charges totaled $683,308. Details of these assets are outlined below.

	June 30, 2018	June 30, 2017
Land	$ 95,968	$ 95,968
Land improvements	1,401,285	1,401,285
Buildings	18,388,394	18,379,175
Equipment	7,208,856	7,097,759
	$ 27,094,503	$ 26,974,187
Accumulated depreciation:		
Land improvements	$ 1,105,547	$ 1,065,443
Buildings	9,442,656	9,031,376
Equipment	5,650,687	5,464,162
	$ 16,198,890	$ 15,560,981
	$ 10,895,613	$ 11,413,206

The majority of the College's investment in capital assets is in buildings. Buildings have a cost of $18.4 million. College buildings have been well maintained with several having undergone major renovation and repairs in recent years. These buildings have significant useful lives remaining and will provide functional use for many years to come.

The College has invested $7.2 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, 2018, the College had long term debt totaling $2.7 million. This amount consists of $2.14 million of revenue bonds, $.40 million in capital leases and installment agreements, and $.14 million in retirement incentives and post employment health insurance payable to employees. Debt payments of $2,085,845 were made during the year ended June 30, 2018 with new debt incurred of $1,763,000.

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 44% of its General Fund revenues. The College is involved in and is working very closely with the State of Michigan and the Michigan Community College Association with all state appropriation base funding issues.

The College implemented GASB Statements No. 68 and 71 in a prior fiscal year and GASB Statement No. 75 this year, and is recognizing the unfunded Michigan Pension and Other Postemployment Benefit Costs allocated to the College. This recording has a significant impact on the College's financial statements as the unfunded liability in the State pension plan is now pushed down to the individual community colleges and local school districts, even though these entities have little to no input on the fiscal management of the funds. The implementation of this reduced the College's net position by $13,273,320 at the end of the year putting the College's net position in a deficit. The inclusion of the required GASB reporting does not reduce the College's cash balances but does recognize the unfunded liability.

The College continues to keep tuition as affordable as possible and increase student retention rates as shown by numerous citations the College has received for its efforts over the past years. The College is positioned to remain sustainable and is dedicated to providing a quality education to the student body with diversified and new programs, even in the economic times that are encompassing the institution currently.

The Gogebic Range and the Upper Peninsula of Michigan have many opportunities for economic expansion and the College is working with numerous businesses, governmental agencies, and others to provide educational assistance and training to enhance the economic development in the region. In the fiscal year of this report, the College has expanded programs in the Houghton area and has brought on a new commercial driving instruction program to the list of available degrees and certificates. The College will continue to increase its efforts in workforce development and occupational training in the years to come along with embarking on new and local initiatives to broaden the resident base and workforce in Gogebic County. The College remains focused on meeting the needs of its stakeholders through a timely and responsible process.

Contacting the College

If you have any questions about this report or need additional information, contact the Dean of Business's office at Gogebic Community College, 4946 Jackson Road, Ironwood, MI 49938.

B A S I C

F I N A N C I A L

S T A T E M E N T S

	Community College District of Gogebic County June 30, 2018	2017	Gogebic Community College Foundation (Component Unit) June 30, 2018	2017
ASSETS				
Cash and cash equivalents	$ 1,332,350	$ 1,067,981	$ 128,525	$ 112,223
Investments	67,281	66,980	4,348,450	4,188,401
State appropriation receivable	934,526	832,343		
Property taxes receivable (net of allowance: 2018 - $3,358; 2017 - $3,848)	18,106	10,982		
Other accounts receivable	807,415	816,279		
Inventories	396,140	404,194		
Prepaid expenses and other assets	63,714	147,417		
Capital assets not being depreciated	95,968	95,968		
Capital assets net of accumulated depreciation	10,799,645	11,317,238	12,500	12,500
TOTAL ASSETS	$ 14,515,145	$ 14,759,382	$ 4,489,475	$ 4,313,124
DEFERRED OUTFLOW OF RESOURCES				
Related to pensions	$ 2,041,244	$ 1,277,378		
Related to other postemployment benefits	191,026			
TOTAL DEFERRED OUTFLOW OF RESOURCES	$ 2,232,270	$ 1,277,378		

NET POSITION

OF GOGEBIC COUNTY

	Community College District of Gogebic County June 30, 2018	2017	Gogebic Community College Foundation (Component Unit) June 30, 2018	2017
LIABILITIES				
Accounts payable	$ 148,949	$ 137,326	$ 30,787	$ 9,443
Salaries, wages and related liabilities payable	557,916	522,446		
Interest payable	28,696	26,801		
Note payable	1,150,000	1,150,000		
Due to depositors and other liabilities	14,500	23,230		
Long-term debt:				
Due in one year	489,078	444,417		
Due in more than one year	2,194,479	2,499,041		
Net pension liability	10,186,602	10,545,196		
Net other postemployment benefit liability	3,502,156			
TOTAL LIABILITIES	$ 18,272,376	$ 15,348,457	$ 30,787	$ 9,443
DEFERRED INFLOW OF RESOURCES				
Related to pensions	$ 1,293,019	$ 304,210		
Related to other postemployment benefits	123,438			
State aid funding for pensions	400,375	318,694		
TOTAL DEFERRED INFLOW OF RESOURCES	$ 1,816,832	$ 622,904		
NET POSITION				
Invested in capital assets, net of related debt	$ 8,356,066	$ 8,632,868	$ 12,500	$ 12,500
Net position restricted for:				
Instructional Support	129,314	147,845		
Expendable scholarships	161,405	155,487		
Temporarily restricted Foundation assets			763,700	750,764
Permanently restricted Foundation assets			3,015,556	2,869,860
Unrestricted	(11,988,578)	(8,870,801)	666,932	670,557
TOTAL NET POSITION	$ (3,341,793)	$ 65,399	$ 4,458,688	$ 4,303,681

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

	Community College District of Gogebic County Year ended June 30,		Gogebic Community College Foundation (Component Unit) Year ended June 30,	
	2018	2017	2018	2017
OPERATING REVENUES				
Tuition and fees (net of scholarship allowances: 2018 - $1,654,188; 2017 - $1,626,501)	$ 2,877,731	$ 2,882,983		
Federal grants and contracts	443,268	441,922		
State and local grants and contracts	444,270	362,808		
Intermediate School District rent	7,106	9,738		
Sales and Services of Education Activities	38,312	20,596		
Sales and Services of Auxiliary Enterprises	1,016,603	1,077,852		
Other revenues	165,464	130,575	$ 11,449	$ 9,959
TOTAL OPERATING REVENUES	$ 4,992,754	$ 4,926,474	$ 11,449	$ 9,959
OPERATING EXPENSES				
Instruction	$ 4,724,935	$ 4,461,372		
Instruction support	991,462	928,452		
Student services	3,007,574	2,840,424	$ 76,795	$ 74,060
Public Service	220,391	178,076		
Institutional administration	1,878,688	1,975,313		
Operation and maintenance of plant	972,107	1,052,585	141,093	125,208
Independent operations	378,614	322,529		
Depreciation and amortization expense, unallocated	683,308	739,052		
TOTAL OPERATING EXPENSES	$ 12,857,079	$ 12,497,803	$ 217,888	$ 199,268
OPERATING LOSS	$ (7,864,325)	$ (7,571,329)	$ (206,439)	$ (189,309)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

	Community College District of Gogebic County Year ended June 30, 2018	Community College District of Gogebic County Year ended June 30, 2017	Gogebic Community College Foundation (Component Unit) Year ended June 30, 2018	Gogebic Community College Foundation (Component Unit) Year ended June 30, 2017
NONOPERATING REVENUES (EXPENSES)				
State appropriation	$ 4,832,182	$ 4,706,893		
Federal grants and contracts	1,691,301	1,621,444		
Property tax levy	1,497,520	1,467,005		
Gifts	181,408	168,938	$ 196,958	$ 131,062
Investment income	12,443	7,607	164,488	333,645
Interest on capital asset related debt	(119,169)	(127,690)		
Bond issuance costs	(34,569)			
Loss on disposal of assets	(62,944)			
NET NONOPERATING REVENUES	$ 7,998,172	$ 7,844,197	$ 361,446	$ 464,707
INCREASE IN NET POSITION	$ 133,847	$ 272,868	$ 155,007	$ 275,398
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY STATED	$ 65,399	$ (207,469)	$ 4,303,681	$ 4,028,283
Adoption of GASB Statement No. 75 - Recognition of:				
Net Other Postemployment Benefit Liability	(3,693,999)			
Deferred Outflows	271,552			
Deferred Inflows	(118,592)			
NET POSITION - BEGINNING OF YEAR, AS RESTATED	$ (3,475,640)	$ (207,469)	$ 4,303,681	$ 4,028,283
NET POSITION - END OF YEAR	$ (3,341,793)	$ 65,399	$ 4,458,688	$ 4,303,681

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

STATEMENTS OF CASH FLOWS

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

	Community College District of Gogebic County Year ended June 30,		Gogebic Community College Foundation (Component Unit) Year ended June 30,	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees	$ 2,852,689	$ 2,829,594		
Grants and contracts	952,699	741,745		
Auxiliary enterprise and other revenues	1,196,230	1,234,912	$ 11,449	$ 9,959
Payments to suppliers and employees	(12,096,665)	(11,899,871)	(196,544)	(189,825)
NET CASH USED IN OPERATING ACTIVITIES	$ (7,095,047)	$ (7,093,620)	$ (185,095)	$ (179,866)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	$ 4,729,999	$ 4,694,533		
Property tax collections	1,490,396	1,470,838		
Gifts	181,408	168,938	$ 196,958	$ 131,062
Federal grants and contracts	1,691,301	1,621,444		
Student organization and agency transactions	(8,730)	(4,654)		
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	$ 8,084,374	$ 7,951,099	$ 196,958	$ 131,062
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	$ (165,715)	$ (135,995)		
Proceeds from the issuance of long-term debt	1,665,000			
Principal paid on long-term debt	(2,084,542)	(489,918)		
Interest and bond issuance costs paid	(151,843)	(134,574)		
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	$ (737,100)	$ (760,487)		
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments		$ 46,276	$ 147,325	$ 4,134,384
Purchase of investments	$ (301)		(310,630)	(4,141,786)
Investment income	12,443	7,607	167,744	144,487
NET CASH PROVIDED BY INVESTING ACTIVITIES	$ 12,142	$ 53,883	$ 4,439	$ 137,085
NET INCREASE IN CASH	$ 264,369	$ 150,875	$ 16,302	$ 88,281
Cash at beginning of year	1,067,981	917,106	112,223	23,942
CASH AT END OF YEAR	$ 1,332,350	$ 1,067,981	$ 128,525	$ 112,223

STATEMENTS OF CASH FLOWS (CONTINUED)

	Community College District of Gogebic County Year ended June 30, 2018	2017	Gogebic Community College Foundation (Component Unit) Year ended June 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	$ (7,864,325)	$ (7,571,329)	$ (206,439)	$ (189,309)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	$ 683,308	$ 739,052		
Deferred compensation and other postemployment benefits accrued	96,697	135,800		
Related to pensions	(158,441)	3,676		
(Increase) decrease in current assets:				
Accounts receivable	8,864	(120,223)		
Inventories	8,054	(31,677)		
Prepaid expenses and other assets	83,703	(89,226)		
Increase (decrease) in current liabilities:				
Accounts payable	11,623	39,363	$ 21,344	$ 9,443
Salaries, wages and related liabilities payable	35,470	(149,056)		
Notes payable		(50,000)		
Total adjustments	$ 769,278	$ 477,709	$ 21,344	$ 9,443
NET CASH USED IN OPERATING ACTIVITIES	$ (7,095,047)	$ (7,093,620)	$ (185,095)	$ (179,866)

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

NOTES

TO

FINANCIAL

STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles outlined in the *Manual for Uniform Financial Reporting--Michigan Public Community Colleges, 2001.*

Reporting Entity and Basis of Presentation – 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 reports as a Business Type Activity, as defined by generally accepted accounting standards. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The accompanying financial statements have been prepared in accordance with criteria established by Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the College has one component unit.

The Gogebic Community College Foundation (Foundation) is a separate legal entity established as a 501(c)(3) corporation formed for the purpose of receiving funds for the sole benefit of the College and its students. The College provides accounting services and office space to the Foundation. The assets and activity of the Foundation are included in the financial statements of the College as a discretely presented component unit. The separately issued financial statements of the Foundation can be obtained by contacting its Executive Director at the Foundation office at the College.

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

Cash and Investments – Cash includes cash on hand, demand deposits and certificates of deposit with a maturity date of less than three months. Investments include certificates of deposit with a maturity date of more than three months, mutual funds and United States government securities.

State of Michigan statutes authorize investments in direct obligations of the United States or an agency of the United States; banks which are a member of the federal deposit insurance corporation; commercial paper that is supported by an irrevocable letter of credit issued by an eligible bank; commercial paper of corporations located in the State of Michigan rated prime by at least one of the standard rating services; bankers' acceptances of United States banks; certain mutual funds and repurchase agreements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets – Assets with a stated cost or a market value at date of gift of $5,000 or more are capitalized and depreciated. Office equipment items are capitalized and depreciated, regardless of cost. Major renovations of $20,000 or more to buildings or other long-lived assets are considered for capitalization and depreciation. The Dean of Business Services has final authority over capitalization determinations. Depreciation is provided for on the straight-line method over the useful lives of the assets, as follows (land excluded as not depreciable):

Land improvements	20 years
Buildings	20-50 years
Equipment	5-15 years

Capitalized Interest – Interest incurred on debt related to the construction of fixed assets, net of interest earned on the funds prior to distribution, is capitalized as part of the assets.

Impairment of Long-lived Assets - Management reviews long-lived assets held and used by the College for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In the event that facts and circumstances indicate that the cost of any long-lived assets may be impaired, an evaluation of recoverability would be performed.

Inventories and Prepaid Expenses – Inventories are stated at cost and consist principally of supplies and merchandise for sale in the Auxiliary Activities Fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Property Taxes – Property taxes attach as an enforceable lien on property as of December 31. Current property taxes are collected for the College by the Cities of Bessemer, Ironwood and Wakefield and the Townships of Bessemer, Erwin, Ironwood, Marenisco, Wakefield and Watersmeet. Each unit forwards the taxes to the County of Gogebic for disbursement to the College. College taxes are levied on July 1 and must be paid to collecting units by February 15 of each year.

Delinquent real property taxes of the College are purchased annually by the County of Gogebic.

Unemployment Insurance – The College reimburses the Michigan Employment Security Commission for the actual amount disbursed on behalf of the College.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Appropriations - Annually the State of Michigan appropriates funding for the community colleges through the State. The amount of the appropriation allocated to the College for the State's fiscal year ending September 30, 2018, was $4,715,400. The funds received in July and August of 2018 are State appropriations for the year ended June 30, 2018, and, as such, are recorded as accounts receivable.

Federal Revenue - Expenditure-driven grants are recognized as revenue when revenue is available, the qualifying expenditures have been incurred and all other grant requirements have been met.

Defined Benefit Plan/OPEB Benefits - For purposes of measuring the net pension and other postemployment benefit liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The College has two items that qualifies for reporting in this category. Deferred outflows are recognized for pension and other postemployment benefit related items which are expensed in the plan year in which it applies.

In addition to liabilities, the statement of financial 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 position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College generally has three items that qualify for reporting in this category. The College has future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation and state funding to offset pension costs. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Capital Assets, Net of Related Debt – This is a portion of the net position of the College that consists of capital assets, net of accumulated depreciation and reduced by long-term liabilities for notes, bonds and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position – Net position is restricted when there are constraints on their use by external parties or by statute. The Foundation's restricted net position consists mainly of endowed funds with the use of the income restricted for student scholarships by the benefactors. Restricted resources are utilized first to finance qualifying activities.

Unrestricted Net Position – Net position not meeting either criteria above are considered unrestricted.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – Subsequent events have been evaluated through the date of the audit report, the date the financial statements were available to be issued.

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consisted of the following:

	College June 30,		Foundation June 30,	
	2018	2017	2018	2017
Cash and cash equivalents	$ 1,332,350	$ 1,067,981	$ 128,525	$ 112,223
Investments:				
Certificates of deposit	67,281	66,980		
Mutual Funds			4,348,450	4,188,401
	$ 1,399,631	$ 1,134,961	$ 4,476,975	$ 4,300,624

The Foundation's investment policy objectives are to invest long-term in a manner that will provide current income to support its current goals and objectives, preserve and maintain the principal value of assets and optimize the total rate of return on invested assets. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation Board of Directors began utilizing the services of an investment manager with guidelines of investing one-half of the net assets in fixed income securities and one-half in equity investments, with a ten percent fluctuation allowed, as a way to minimize the interest rate risk.

Cash, Cash Equivalents and Certificates of Deposit

Deposits were made in accordance with State of Michigan statutes and under authorization of the College Board of Trustees. Deposits are carried at cost as listed above. Following is a summary of the bank balances at June 30, 2018 and 2017.

	June 30,	
	2018	2017
Deposits in banks insured by federal depository insurance:		
Insured	$ 250,982	$ 316,980
Uncollateralized amounts exceeding insurance limits and uninsured money market funds	1,223,653	866,829
	$ 1,474,635	$ 1,183,809

The College places its deposits in what it believes to be high quality financial institutions. Although such deposits exceed federally insured limits, they are, in the opinion of the College, subject to minimal custodial credit risk.

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

All investments were made in accordance with State of Michigan statutes and under authorization of the College Board of Trustees. The certificates of deposit are stated at market value in the statement of net position. The mutual funds, considered Level I type investments, are valued at quoted market prices and had costs of $4,295,697 and $4,132,392 as of June 30, 2018 and 2017, respectively.

NOTE C – ACCOUNTS RECEIVABLE

The College extends credit to students who will be having their expenses paid by scholarships, grants or entitlements. The direct charge-off method is used for recognizing uncollectible accounts.

Accounts receivable were comprised of the following at June 30, 2018:

	General Fund	Designated Fund	Auxiliary Enterprise Fund	Restricted Fund	Total
State of Michigan	$ 29,919		$ 54,753	$ 10,620	$ 95,292
Federal government	13,103			62,763	75,866
Other local units	4,917				4,917
Students	257,545				257,545
Sundry	341,862	$ 15,003	16,930		373,795
TOTALS	$ 647,346	$ 15,003	$ 71,683	$ 73,383	$ 807,415

NOTE D – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018, were as follows:

	Balance at July 1, 2017	Additions	Disposals	Balance at June 30, 2018
Land	$ 95,968			$ 95,968
Land improvements	1,401,285			1,401,285
Buildings	18,379,175	$ 9,219		18,388,394
Equipment	7,097,759	156,496	$ 45,399	7,208,856
	$ 26,974,187	$ 165,715	$ 45,399	$ 27,094,503
Accumulated depreciation:				
Land improvements	$ 1,065,443	$ 40,104		$ 1,105,547
Buildings	9,031,376	411,280		9,442,656
Equipment	5,464,162	231,924	$ 45,399	5,650,687
	$ 15,560,981	$ 683,308	$ 45,399	$ 16,198,890
	$ 11,413,206	$ (517,593)	$ 0	$ 10,895,613

Depreciation expense was not allocable to specific functions. Land is not depreciable.

NOTE E – CURRENT NOTE PAYABLE AND LONG-TERM DEBT

The short-term state aid anticipation note payable is recorded in the General Fund. Activity for the year ended June 30, 2018, was as follows:

	Balance at July 1, 2017	Additions	Deductions	Balance at June 30, 2018
Gogebic Range Bank line of credit, due August 7, 2017, with interest at .85%	$ 1,150,000		$ 1,150,000	
Gogebic Range Bank line of credit, due August 3, 2017, with interest at 1.49%		$ 1,650,000	500,000	$ 1,150,000
	$ 1,150,000	$ 1,650,000	$ 1,650,000	$ 1,150,000

Changes in long-term debt are summarized as follows:

	Balance at July 1, 2017	Additions	Reductions	Balance at June 30, 2018	Current Portion
2013 Community College Facility Bonds	$ 550,000		$ 80,000	$ 470,000	$ 85,000
Community College Facilities Bonds, Series 2006	1,733,888		1,733,888		
Community College Facilities Refunding Bond Series 2018		$ 1,665,000		1,665,000	155,000
Capital Leases Payable	267,074		71,660	195,414	71,335
Energy Conservation Installment Purchase Agreement	313,820		104,607	209,213	104,607
Deferred Compensation Payable	128,000	98,000	88,333	137,667	72,333
Other Postemployment Benefits See Note H	13,620		7,357	6,263	803
Bond Discount	(62,944)		(62,944)		
	$ 2,943,458	$ 1,763,000	$ 2,022,901	$ 2,683,557	$ 489,078

NOTE E – CURRENT NOTE PAYABLE AND LONG-TERM DEBT (CONTINUED)

The aggregate amounts of long-term debt principal and interest maturities for the five years ending June 30, 2023, and five year totals to maturity, are:

Year ending June 30,	Principal	Interest	Total
2019	$ 489,078	$ 83,549	$ 572,627
2020	482,142	69,021	551,163
2021	313,572	52,809	366,381
2022	265,892	41,898	307,790
2023	270,924	33,619	304,543
2024-2028	861,949	67,390	929,339
	$ 2,683,557	$ 348,286	$ 3,031,843

2013 Community College Facility Bonds

On December 18, 2012, the College passed a resolution to issue $835,000 of 2013 Community College Facility Bonds for the purpose of remodeling, equipping and re-equipping and furnishing and refurnishing a College facility. The Bonds are dated January 8, 2013, mature November 1, 2022, and bear interest rates of 1.70% to 2.60%. The bonds are payable on each November 1 and interest is payable on each May 1 and each November 1. A summary of the annual principal and interest requirements until maturity follows:

Year ending June 30,	Principal	Interest	Total
2019	$ 85,000	$ 10,385	$ 95,385
2020	90,000	8,415	98,415
2021	95,000	6,240	101,240
2022	100,000	3,850	103,850
2023	100,000	1,300	101,300
	$ 470,000	$ 30,190	$ 500,190

NOTE E – CURRENT NOTE PAYABLE AND LONG-TERM DEBT (CONTINUED)

Community College Facilities Bonds, Series 2006

On December 20, 2005, the College passed a resolution to issue $2,757,630 of Community College Facilities Bonds, Series 2006 for the purpose of constructing dormitory facilities on the campus. These bonds were refunded on May 9, 2018.

Community College Facilities Refunding Bond Series 2018

The Community College Facilities Bonds, Series 2006 were refunded on May 9, 2018 by the Community College Facilities Refunding Bond, Series 2018. The Bonds mature November 1, 2027, and bear an interest rate of 3.42%. The bonds are payable on each November 1 and interest is payable on each May 1 and each November 1. A summary of the annual principal and interest requirements until maturity follows:

Year ending June 30,	Principal	Interest	Total
2019	$ 155,000	$ 53,027	$ 208,027
2020	155,000	48,992	203,992
2021	160,000	43,605	203,605
2022	165,000	38,048	203,048
2023	170,000	32,319	202,319
2024	180,000	26,334	206,334
2025	185,000	20,092	205,092
2026	195,000	13,594	208,594
2027	200,000	6,840	206,840
2028	100,000	1,710	101,710
	$ 1,665,000	$ 284,561	$ 1,949,561

The bonds are not subject to redemption prior to maturity.

NOTE E – CURRENT NOTE PAYABLE AND LONG-TERM DEBT (CONTINUED)

Capital Leases Payable

On June 30, 2018, the College was obligated under four capital leases. These assets and the related liabilities are recorded in the Plant Fund. Data relative to these capital leases at June 30, 2018, was as follows:

	Postage Meter	CDL Trucks	Snow Groomer	Snow Groomer
Capital asset cost	$ 14,234	$ 113,200	$ 125,500	$ 75,000
Date of lease	February 2016	August 2016	March 2016	January 2017
Quarterly payments, including interest	$ 1,012			
Monthly payments, including interest		$ 2,235		
Annual payments, including interest			$ 30,875	$ 21,516
Interest rate	14.828%	5.917%	4.760%	7.345%
Minimum lease payments:				
June 30, 2019	$ 4,048	$ 26,820	$ 30,875	$ 21,516
June 30, 2020	4,048	26,820	30,875	21,516
June 30, 2021	2,864	27,113		21,516
Future net minimum payments	$ 10,960	$ 80,753	$ 61,750	$ 64,548
Less amount for interest	3,341	6,417	4,148	8,691
Present value of future net minimum payments	$ 7,619	$ 74,336	$ 57,602	$ 55,857

NOTE E – CURRENT NOTE PAYABLE AND LONG-TERM DEBT (CONTINUED)

Energy Conservation Installment Purchase Agreement

On August 27, 2009, the College financed numerous energy conservation improvements costing $1,046,064 through an installment purchase agreement, which was assigned to a local bank at an interest rate of 5.25%. The agreement requires interest payments each January 1 and principal and interest payments due each July 1. A summary of the annual principal and interest requirements until maturity follows:

Year ending June 30,	Principal Payment	Interest Payment	Total
2019	$ 104,607	$ 8,215	$ 112,822
2020	104,606	2,723	107,329
	$ 209,213	$ 10,938	$ 220,151

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, 2018, the College has nine former employees each receiving early retirement incentives of $5,000 to $10,667 each year with total payments of $15,000 to $32,000. Following is a summary of future required payments:

	Amount
Cash payments during year ending:	
June 30, 2019	$ 72,333
June 30, 2020	57,334
June 30, 2021	8,000
	$ 137,667

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (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 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 of the system. The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the pension plans offered by MPSERS is as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

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. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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.

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Benefits Provided (Continued)

Prior to Pension Reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the MIP was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3% - 7%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and 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 pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund. The amount is determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 – Members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

NOTE F – RETIREMENT AND POST RETIREMENT BENEFITS (CONTINUED)

Pension Reform 2012 (Continued)

Option 2 – Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transient date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% person factor.

Option 3 – Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 – Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution (DC) plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a Section 457 deferred compensation account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their Section 457 deferred compensation account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012 choose between two retirement plans: the Pension Plus Plan and a Defined Contribution that provides a 50% employer match up to 3% of salary on employee contributions.

Final Average Compensation - Average of the highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the *transition date*.

NOTE F – RETIREMENT AND POST RETIREMENT BENEFITS (CONTINUED)

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6%. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided – Other Postemployment Benefit (OPEB)

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 with 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 health care 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.

Retiree Healthcare Reform of 2012

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.

NOTE F – RETIREMENT AND POST RETIREMENT BENEFITS (CONTINUED)

Retiree Healthcare Reform of 2012 (Continued)

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 Section 457 deferred compensation 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 will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility – A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount – The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the defined contribution plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree Other Post-Employment Benefits (OPEB). 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.

NOTE F – RETIREMENT AND POST RETIREMENT BENEFITS (CONTINUED)

Employer Contributions (Continued)

For retirement and OPEB benefits, the unfunded (overfunded) actuarial accrued liability as of September 30, 2016 valuation will be amortized over a 22-year period for fiscal year 2017.

Employer contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other postemployment benefit
October 1, 2015 - September 30, 2016	14.56% - 18.95%	
October 1, 2016 - September 30, 2017	15.27% - 19.03%	5.69% - 5.91%
October 1, 2017 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%

The College's pension contributions for the years ended June 30, 2018 and 2017 were equal to the required contribution total. Pension contributions for the year ended June 30, 2018 were approximately $1,212,645, with $953,479 specifically for the Defined Benefit Plan and for the year ended June 30, 2017, approximately $1,128,985, with $926,222 specifically for the Defined Benefit Plan.

The District's OPEB contributions for the year ended June 30, 2018 were equal to the required contribution total. OPEB benefits were approximately $227,550 specifically for the Defined Benefit Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB for 2018 and 72.88% for pension and 27.12% for OPEB for 2017).

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (CONTINUED)

Pension Liabilities

At June 30, 2018 and 2017, the College reported a liability of $10,186,602 and $10,545,196, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2016 and 2015 and rolled-forward using generally accepted actuarial procedures. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017 and 2016, the College's proportion was .03931% and .04227%.

MPSERS (Plan) Non-university employers:	September 30, 2017	September 30, 2016
Total pension liability	$ 72,407,218,688	$ 67,917,445,078
Plan fiduciary net position	$ 46,492,967,573	$ 42,968,263,308
Net pension liability	$ 25,914,251,115	$ 24,949,181,763
Proportionate share	0.03931%	0.04227%
Net Pension liability for the College	$ 10,186,602	$ 10,545,196

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

For the years ended June 30, 2018 and 2017, the College recognized pension expense of approximately $451,494 and $568,293, respectively. The amounts exclude contributions funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate. These amounts have been recorded as a deferred outflows as of June 30, 2018 and 2017.

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (CONTINUED)

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

At June 30, 2018 and 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2018		June 30, 2017	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Change in assumptions	$ 1,116,023		$ 164,866	
Net difference between projected and actual earnings on pension plan investment earnings		(486,987)	175,261	
Differences between expected and actual experience	88,529	$ (49,984)	131,421	$ (24,992)
Changes in proportion and differences between employer contributions and proportionate share of contributions		(756,048)		(279,218)
Reporting unit's contributions subsequent to the measurement date	836,692		805,830	
	$ 2,041,244	$(1,293,019)	$ 1,277,378	$ (304,210)

The amounts reported as deferred outflows of resources related to pensions resulting from College employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the next year.

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (CONTINUED)

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

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions as of June 30, 2018, will be recognized in pension expense as follows:

Year ended September 30,	
2018	$ (71,416)
2019	116,265
2020	(28,295)
2021	(105,021)
	$ (88,467)

OPEB Liabilities

At June 30, 2018, the College reported a liability of $3,502,156 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2016 and rolled forward using generally accepted actuarial procedures. The College's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2017, the College's proportion was 0.03955 percent.

MPSERS (Plan) Non-university employers:	September 30, 2017
Total OPEB liability	$ 13,920,945,991
Plan fiduciary net position	$ 5,065,474,948
Net OPEB liability	$ 8,855,471,043
Proportionate share	0.03955%
Net OPEB liability for the College	$ 3,502,156

NOTE F – RETIREMENT AND POST RETIREMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2018, the College recognized OPEB expense of approximately $121,079 for the MPSERS plan.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Net difference between projected and actual earnings on OPEB plan investment earnings		$ (81,111)
Differences between expected and actual experience		(37,288)
Changes in proportion and differences between employer contributions and proportionate share of contributions		(5,039)
Reporting unit's contributions subsequent to the measurement date	$ 191,026	
	$ 191,026	$ (123,438)

The amount reported as deferred outflows of resources related to OPEB resulting from College employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the next year.

NOTE F – RETIREMENT AND POST RETIREMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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 September 30,	
2018	$ (29,737)
2019	(29,737)
2020	(29,737)
2021	(29,737)
2022	(4,490)
	$ (123,438)

Actuarial Assumptions

Investment rate of return for Pension – 7.5% a year, compounded annually net of investment and administrative expenses for the Non-Hybrid groups and 7.0% a year, compounded annually net of investment and administrative expenses for the Hybrid group (Pension Plus Plan).

Investment rate of return for OPEB – 7.5% a year, compounded annually net of investment and administrative expenses

Salary increases - The rate of pay increase used for individual members is 3.5%.

Inflation – 3.0%

Mortality assumptions - RP2000 Combined Healthy Life Mortality table, adjusted for mortality improvements to 2025 using projection scale BB (for men, 80% of the table rates were used and for women, 70% of the table rates were used).

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2016. Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 7.5% (7% Pension Plus Plan), and the other postemployment benefit rate was 7.5%, net of investment and administrative expenses, 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.

Cost of Living Pension Adjustments – 3.0% annual non-compounded for MIP members

Healthcare cost trend rate for other postemployment benefit – 7.5% for year one and graded to 3.5% to year twelve.

Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:

Opt Out Assumption – 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 coverage 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

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Year ended September 30, 2017		Year ended September 30, 2016	
Investment Category	Target Location	Long-term Expected Real Rate of Return*	Target Location	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.00%	5.60%	28.00%	5.90%
Alternate Investment Pools	18.00%	8.70%	18.00%	9.20%
International Equity	16.00%	7.20%	16.00%	7.20%
Fixed Income Pools	10.50%	-0.10%	10.50%	0.90%
Real Estate and Infrastructure Pools	10.00%	4.20%	10.00%	4.30%
Absolute Return Pools	15.50%	5.00%	15.50%	6.00%
Short Term Investment Pools	2.00%	-0.90%	2.00%	0.00%
	100.00%		100.00%	

*Long term rate of return does not include 2.3% inflation for the year ended September 30, 2017, and 2.1% inflation for the year ended September 30, 2016.

Pension Discount rate **-** The discount rate used to measure the total pension liability was 7.5% (7.0% for Pension Plus Plan). This discount rate was based on the long-term rate of return on pension plan investments of 7.5% (7.0% for the Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that plan members contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

OPEB Discount rate – The discount rate of 7.5% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 7.5%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent (7% for Pension Plus 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 point higher than the current rate for the year ended June 30, 2018, and 8.0 percent (7% for Pension Plus Plan) for the year ended June 30, 2017.:

	Pension		
	1% Lower (6.5%-6.0%)	Discount Rate (7.5%-7.0%)	1% Higher (8.5%-8.0%)
June 30, 2018 - College's proportionate share of net pension liability	$ 13,269,754	$ 10,186,602	$ 7,590,784
	1% Lower (6.0%-7.0%)	Discount Rate (7.0%-8.0%)	1% Higher (8.0%-9.0%)
June 30, 2017 - College's proportionate share of net pension liability	$ 13,579,558	$ 10,545,196	$ 7,986,937

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (CONTINUED)

Sensitivity 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 7.5%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Post Employment Benefit		
	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of net OPEB liability	$ 4,102,037	$ 3,502,156	$ 2,993,045

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the College's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.5% (decreasing to 3.5%), as well as what the College's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Other Post Employment Benefit		
	1% Decrease (6.5% decreasing to 2.5%)	Healthcare Cost Trend Rate (7.5% decreasing to 3.5%)	1% Increase (8.5% decreasing to 4.5%)
College's proportionate share of net OPEB liability	$ 2,965,856	$ 3,502,156	$ 4,111,088

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System Comprehensive Annual Financial Report.

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS (CONTINUED)

Payable to the Pension and OPEB Plan

At June 30, 2018, the College is current on all required pension and OPEB plan payments. Amounts accrued at June 30, 2018 and 2017, for accounting purposes were $116,690 and $123,834, respectively. These amounts are included in the financial statements liability titled accrued salaries, benefits, and related withholdings. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers and the contributions due funded from State revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

Other Information

On December 20, 2017, the Michigan Supreme Court affirmed that Public Act 75 of 2010 is unconstitutional as it substantially impaired the employee's employment contracts by involuntarily reducing the employee's wages by 3%. As a result, the funds collected pursuant to Public Act 75 before the effective date of Public Act 300 of 2012, must be refunded to the employees in accordance with the Michigan Court of Clams judgment on the aforementioned court case. Effective September 30, 2017, the 3% contribution collected under Public Act 75, which amounted to approximately $554 million (including interest), was posted as a liability on the plan's CAFR report.

NOTE G – DEFINED CONTRIBUTION PLAN

In addition to the pension benefits described in Note F, effective July 1, 2007, the College established a 403(b) retirement annuity as required by the State of Michigan. The plan is an alternative to the MPSERS plan and is available to faculty and professional staff and may be elected within the first 90 days of employment or if there is a status change from part time to full time. The plan is provided by TIAA-CREF and requires the employee to contribute 4% and the College to contribute 13%, up 1% from prior years. The vesting of this plan is full and immediate upon enrollment. The College's contribution to the plan for the years ended June 30, 2018, 2017 and 2016, were $244,820, $192,510, and $187,016, respectively.

NOTE H – OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note F, 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. 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 elected to implement GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009, and continues to use the same method as the amounts are now immaterial.

The College contributes 10 percent of the current-year premiums and pays the annual deductible for eligible retirees and their spouses, if covered. During the years ended June 30, 2018 and 2017, the College contributed $3,027 and $13,996 towards the plan. The College has estimated the cost of providing this retiree health care benefit through an actuarial valuation as of June 30, 2018 using the alternative measurement method that was permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members.

The actuarial accrued liability (AAL) was determined to be $6,263 as of June 30, 2018. The College has elected to accrue the entire liability. This amount is unfunded as of June 30, 2018. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the future. Examples include assumptions about the healthcare cost trends and the rate of return on investments.

NOTE I – 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.

All risk management activities are accounted for in the General Fund and Auxiliary Enterprise Fund of the College. 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, 2018, 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.

NOTE J – COLLECTIVE BARGAINING AGREEMENTS

Approximately 63% of the College employees are covered by collective bargaining agreements. 2% are part of the American Federation of State, County, and Municipal Employees, AFLCIO, 17% are part of the Education Support Personnel, WUPEA/MEA-NEA and 44% belong to the Michigan Association of Higher Education. All collective bargaining units have contracts in place.

NOTE K – OPERATING LEASES

During January 2013 the College entered into a lease for off-campus classroom/office space. According to the lease, the College is to make payments each month for a period of ten years. In March 2015 the College entered into a lease for additional off-campus classroom/office space for a period of ten years starting in August 2015. The monthly payments for each lease are adjusted annually. The monthly payments also include a prorated share of the property taxes and other operating expenses. The total paid for this lease during the year ended June 30, 2018 and 2017, was $203,048 and $203,951, respectively. The annual payments for the next five years are expected to be about $202,230 each year.

The College also leases equipment for specific programs on a short-term basis. The rent expense for these types of rental agreements is minimal with no future lease obligations.

The College has entered into capital lease arrangements, which are described in Note E along with long-term debt.

NOTE L – CAPITAL LEASE OBLIGATIONS

During the year ended June 30, 2013, the College started a building renovation project in the Kleimola Tech Building at a total cost of $1,460,000. This project was completed in August 2013. The project was financed by grants from the State of Michigan and a bond issue from the SBA for $625,000, with the remaining $835,000 financed by a general obligation – limited tax 2013 Community College Facility Bond purchased by a local financial institution. The SBA bond issue is secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement among the SBA, State of Michigan, and the College. During the lease term, which is not to exceed 40 years, the SBA will hold title to the buildings, the State of Michigan will make all lease payments to the SBA and the College will pay all operating expenses and maintenance costs. At the expiration of the lease, which is when the bonds are paid off, the SBA has agreed to convey the title to the College for one dollar.

The College has entered into other capital lease arrangements, which are described in Note E along with long-term debt.

NOTE M – SERVICE CONCESSION ARRANGEMENT

In October 2012 the College entered into a use agreement with State of Michigan Department of Natural Resources to operate the State owned Porcupine Mountain Ski Hill for the 2012/13 ski season as part of its Ski Area Management program. In September 2013 and again in October 2016, the use agreement was extended for three additional years. 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 Enterprises Fund.

NOTE N – TAX ABATEMENTS

Effective beginning for the year ended June 30, 2017 the College is required to disclose significant tax abatements as required by GASB Statement No. 77 (Tax abatements).

The College receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by the municipalities in the College’s tax base are not significant.

There are no abatements made by the College.

NOTE O – NEW ACCOUNTING STANDARD

During the year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

GASB Statement No. 75 requires governments that participate in defined benefit other post-employment benefit (OPEB) plans to report in the statement of net position a net OPEB liability. The net OPEB liability is the difference between the total OPEB liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The Statement requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net OPEB liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the OPEB liabilities and expense.

The restatement of the beginning of the year net position as a result of implementation of GASB Statement No. 75 is shown in the Statement of Activities.

NOTE P – UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and will be effective for the College's 2020 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Colleges with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017 and will be effective for the College's 2021 fiscal year. The objective of this Statement is to increase the usefulness of government financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government leasing activities.

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY AND RELATED NOTES
MICHIGAN PUBLIC SCHOOLS EMPLOYEES RETIREMENT PLAN

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

June 30, 2018

	Year ended September 30,			
	2017	2016	2015	2014
Reporting unit's proportion of net pension liability (%)	$ 10,186,602	$ 10,545,196	$ 10,478,031	$9,699,598
Reporting unit's proportionate share of net pension liability	0.03931%	0.04270%	0.04290%	0.04404%
Reporting unit's covered-employee payroll	$ 3,223,422	$ 3,493,614	$ 3,658,881	$3,799,783
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	316.02%	301.84%	286.37%	255.27%
Plan fiduciary net position as a percentage of total pension liability	63.21%	63.27%	63.17%	66.20%

Notes:

1. This schedule is presented to illustrate the College's pension liability in the Michigan Public School Employees Retirement Plan for the last 10 fiscal years (amounts were determined as of September 30 of each fiscal year). However, until a full 10 year trend is compiled, the College presents information for those years for which information is available.

2. Changes of benefit terms: There were no changes of benefit terms in 2017.

3. Changes of assumptions: There were no changes of benefit assumptions in 2017.

SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
AND RELATED NOTES
MICHIGAN PUBLIC SCHOOLS EMPLOYEES RETIREMENT PLAN

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

June 30, 2018

	Year ended June 30, 2018	2017	2016	2015
Statutorily required contributions	$ 953,479	$ 926,222	$ 963,735	$ 816,712
Contributions in relation to statutorily required contributions	953,479	926,222	963,735	816,712
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Reporting unit's covered-employee payroll	$ 3,188,083	$ 3,285,971	$ 3,413,193	$ 3,733,269
Contributions as a percentage of covered-employee payroll	29.91%	28.19%	28.24%	21.88%

Notes:

1. This schedule is presented to illustrate the College's pension liability in the Michigan Public School Employees Retirement Plan for the last 10 fiscal years (amounts were determined as of June 30 of each fiscal year). However, until a full 10 year trend is compiled, the College presents information for those years for which information is available.

2. Changes of benefit terms: There were no changes of benefit terms in 2017.

3. Changes of assumptions: There were no changes of benefit assumptions in 2017.

SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF NET OPEB LIABILITY AND RELATED NOTES
MICHIGAN PUBLIC SCHOOLS EMPLOYEES RETIREMENT PLAN

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

June 30, 2018

	Year ended September 30, 2017
Reporting unit's proportion of net OPEB liability (%)	0.03955%
Reporting unit's proportionate share of net OPEB liability	$ 3,502,156
Reporting unit's covered-employee payroll	$ 3,223,422
Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	108.65%
Plan fiduciary net position as a percentage of total OPEB liability	36.39%

Notes:

1. This schedule is presented to illustrate the College's net OPEB liability in the Michigan Public School Employees Retirement Plan for the last 10 fiscal years (amounts were determined as of September 30 of each fiscal year). However, until a full 10 year trend is compiled, the College presents information for those years for which information is available.

2. Changes of benefit terms: There were no changes of benefit terms in 2017.

3. Changes of assumptions: There were no changes of benefit assumptions in 2017.

SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
AND RELATED NOTES
MICHIGAN PUBLIC SCHOOLS EMPLOYEES RETIREMENT PLAN

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

June 30, 2018

	Year ended June 30, 2018
Statutorily required contributions	$ 227,550
Contributions in relation to statutorily required contributions	227,550
Contribution deficiency (excess)	$ 0
Reporting unit's covered-employee payroll	$ 3,188,083
Contributions as a percentage of covered-employee payroll	7.14%

Notes:

1. This schedule is presented to illustrate the College's net OPEB liability in the Michigan Public School Employees Retirement Plan for the last 10 fiscal years (amounts were determined as of June 30 of each fiscal year). However, until a full 10 year trend is compiled, the College presents information for those years for which information is available.

2. Changes of benefit terms: There were no changes of benefit terms in 2017.

3. Changes of assumptions: There were no changes of benefit assumptions in 2017.

OTHER FINANCIAL INFORMATION

CONSOLIDATING STATEMENT OF NET POSITION

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

June 30, 2018

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension/OPEB Liability Fund *	Plant Fund	Eliminations	Consolidated Total
ASSETS								
Cash and cash equivalents	$ 1,012,189	$ 134,876	$ 21,282	$ 5,951		$ 158,052		$ 1,332,350
Investments	63,706	3,575						67,281
State appropriation receivable	934,526							934,526
Property taxes receivable (net of $3,358.14 allowance)	18,106							18,106
Other accounts receivable	647,346	15,003	71,683	73,383				807,415
Inventories	18,089	66,581	311,470					396,140
Prepaid expenses and other assets	61,179		2,535					63,714
Due from (due to) other funds	378,185	(24,838)	(391,523)	22,451		15,725		
Capital assets not being depreciated						95,968		95,968
Capital assets, net of accumulated depreciation						10,799,645		10,799,645
TOTAL ASSETS	$ 3,133,326	$ 195,197	$ 15,447	$ 101,785	$ 0	$ 11,069,390	$ 0	$ 14,515,145
DEFERRED OUTFLOW OF RESOURCES								
Related to pensions					$ 2,041,244			$ 2,041,244
Related to other postemployment benefits					191,026			191,026
TOTAL DEFERRED OUTFLOW OF RESOURCES	$ 0	$ 0	$ 0	$ 0	$ 2,232,270	$ 0	$ 0	$ 2,232,270

CONSOLIDATING STATEMENT OF NET POSITION (CONTINUED)

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension/OPEB Liability Fund *	Plant Fund	Eliminations	Consolidated Total
LIABILITIES								
Accounts payable	$ 144,502		$ 4,447					$ 148,949
Salaries, wages and related liabilities payable	557,916							557,916
Interest payable	13,051					$ 15,645		28,696
Note payable	1,150,000							1,150,000
Due to depositors and other liabilities	3,500		11,000					14,500
Long-term debt:								
Due in one year	72,333	$ 803				415,942		489,078
Due in more than one year	65,334	5,460				2,123,685		2,194,479
Net pension liability					$ 10,186,602			10,186,602
Net other postemployment benefit liability					3,502,156			3,502,156
TOTAL LIABILITIES	$ 2,006,636	$ 6,263	$ 15,447	$ 0	$ 13,688,758	$ 2,555,272	$ 0	$ 18,272,376
DEFERRED INFLOW OF RESOURCES								
Related to Pensions					$ 1,293,019			$ 1,293,019
Related to other postemployment benefits					123,438			123,438
State aid funding for pensions					400,375			400,375
TOTAL DEFERRED INFLOW OF RESOURCES	$ 0	$ 0	$ 0	$ 0	$ 1,816,832	$ 0	$ 0	$ 1,816,832
NET POSITION								
Invested in capital assets, net of related debt						$ 8,356,066		$ 8,356,066
Net assets restricted for:								
Instructional Support		$ 129,314						129,314
Expendable scholarships		59,620		$ 101,785				161,405
Unrestricted	$ 1,126,690				$ (13,273,320)	158,052		(11,988,578)
TOTAL NET POSITION	$ 1,126,690	$ 188,934	$ 0	$ 101,785	$ (13,273,320)	$ 8,514,118	$ 0	$ (3,341,793)

* - The Pension/OBEP Liability Fund reflects GASB Statement No.'s 68 and 75 adjustments and related state appropriations for UAAL.

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

CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Year ended June 30, 2018

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension/OPEB Liability Fund *	Plant Fund	Eliminations	Consolidated Total
OPERATING REVENUES								
Tuition and fees	$ 4,531,919						$ 1,654,188	$ 2,877,731
Federal grants and contracts	66,936			$ 376,332				443,268
State and local grants and contracts		$ 21,500		22,395	$ 400,375			444,270
Intermediate School District rent	7,106							7,106
Sales and Services of Education Activities	38,312							38,312
Sales and Services of Auxiliary Enterprises		18,245	$ 1,058,287				59,929	1,016,603
Current funds capital expenditures						$ 165,715	165,715	
Other revenues	74,719		90,745					165,464
TOTAL OPERATING REVENUES	$ 4,718,992	$ 39,745	$ 1,149,032	$ 398,727	$ 400,375	$ 165,715	$ 1,879,832	$ 4,992,754
OPERATING EXPENSES								
Instruction	$ 4,604,197	$ 51,907		$ 3,190	$ 104,781		$ 39,140	$ 4,724,935
Instruction support	906,302	108,234			21,605		44,679	991,462
Student services	1,607,372	63,898	$ 791,063	2,185,446	37,742		1,677,947	3,007,574
Public service	209,557	3,781		2,893	4,160			220,391
Institutional administration	1,704,818	168,406			47,686		42,222	1,878,688
Operation and maintenance of plant	669,581	287,772			25,960		11,206	972,107
Independent operations		52,244	391,008				64,638	378,614
Depreciation and amortization expense, unallocated						$ 683,308		683,308
TOTAL OPERATING EXPENSES	$ 9,701,827	$ 736,242	$ 1,182,071	$ 2,191,529	$ 241,934	$ 683,308	$ 1,879,832	$ 12,857,079
OPERATING INCOME (LOSS)	$ (4,982,835)	$ (696,497)	$ (33,039)	$ (1,792,802)	$ 158,441	$ (517,593)	$ 0	$ (7,864,325)

CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension/OPEB Liability Fund *	Plant Fund	Eliminations	Consolidated Total
NONOPERATING REVENUES (EXPENSES)								
State appropriation	$ 4,832,182							$ 4,832,182
Federal grants and contracts				$ 1,691,301				1,691,301
Property tax levy	1,497,520							1,497,520
Gifts	15,787	$ 72,851	$ 4,500	88,270				181,408
Investment income	9,017	2,217	210			$ 999		12,443
Interest on capital asset related debt						(119,169)		(119,169)
Bond issuance costs						(34,569)		(34,569)
Loss on disposal of assets						(62,944)		(62,944)
NET NONOPERATING REVENUES	$ 6,354,506	$ 75,068	$ 4,710	$ 1,779,571	$ 0	$ (215,683)	$ 0	$ 7,998,172
INCOME (LOSS) BEFORE TRANSFERS	$ 1,371,671	$ (621,429)	$ (28,329)	$ (13,231)	$ 158,441	$ (733,276)	$ 0	$ 133,847
TRANSFERS								
Transfers in (out)	(1,159,715)	604,572	(2,652)	17,475		540,320		
INCREASE (DECREASE) IN NET POSITION	$ 211,956	$ (16,857)	$ (30,981)	$ 4,244	$ 158,441	$ (192,956)	$ 0	$ 133,847
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY STATED	$ 914,734	$ 205,791	$ 30,981	$ 97,541	$ (9,890,722)	$ 8,707,074	$ 0	$ 65,399
Adoption of GASB Statement No. 75 - Recognition of:								
Net Other Postemployment Benefit Liability					(3,693,999)			(3,693,999)
Deferred Outflows					271,552			271,552
Deferred Inflows					(118,592)			(118,592)
NET POSITION - BEGINNING OF YEAR, AS RESTATED	$ 914,734	$ 205,791	$ 30,981	$ 97,541	$ (13,431,761)	$ 8,707,074	$ 0	$ (3,475,640)
NET POSITION - END OF YEAR	$ 1,126,690	$ 188,934	$ 0	$ 101,785	$ (13,273,320)	$ 8,514,118	$ 0	$ (3,341,793)

* - The Pension/OBEP Liability Fund reflects GASB Statement No.'s 68 and 75 adjustments and related state appropriations for UAAL.

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

CONSOLIDATING STATEMENT OF NET POSITION

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

June 30, 2017

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension Liability Fund *	Plant Fund	Agency Fund	Eliminations	Consolidated Total
ASSETS									
Cash and cash equivalents	$ 795,791	$ 163,338	$ 21,045	$ 13,601		$ 74,206			$ 1,067,981
Investments	56,252	10,728							66,980
State appropriation receivable	832,343								832,343
Property taxes receivable (net of $3,848 allowance)	10,982								10,982
Other accounts receivable	731,913	9,453	7,825	67,088					816,279
Inventories	16,283	66,581	321,330						404,194
Prepaid expenses and other assets	147,417								147,417
Due from (due to) other funds	257,338	(13,996)	(302,363)	16,852		35,414	$ 6,755		
Capital assets not being depreciated						95,968			95,968
Capital assets, net of accumulated depreciation						11,317,238			11,317,238
TOTAL ASSETS	$ 2,848,319	$ 236,104	$ 47,837	$ 97,541	$ 0	$ 11,522,826	$ 6,755	$ 0	$ 14,759,382
DEFERRED OUTFLOW OF RESOURCES									
Related to pensions	$ 0	$ 0	$ 0	$ 0	$ 1,277,378	$ 0	$ 0	$ 0	$ 1,277,378

CONSOLIDATING STATEMENT OF NET POSITION (CONTINUED)

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension Liability Fund *	Plant Fund	Agency Fund	Eliminations	Consolidated Total
LIABILITIES									
Accounts payable	$ 113,552	$ 16,693	$ 7,081						$ 137,326
Salaries, wages and related liabilities payable	522,446								522,446
Interest payable	12,887					$ 13,914			26,801
Note payable	1,150,000								1,150,000
Due to depositors and other liabilities	6,700		9,775				$ 6,755		23,230
Long-term debt:									
Due in one year	63,667	2,690				378,060			444,417
Due in more than one year	64,333	10,930				2,423,778			2,499,041
Net pension liability					$ 10,545,196				10,545,196
TOTAL LIABILITIES	$ 1,933,585	$ 30,313	$ 16,856	$ 0	$ 10,545,196	$ 2,815,752	$ 6,755	$ 0	$15,348,457
DEFERRED INFLOW OF RESOURCES									
Related to Pensions					$ 304,210				$ 304,210
State aid funding for pensions					318,694				318,694
TOTAL DEFERRED INFLOW OF RESOURCES	$ 0	$ 0	$ 0	$ 0	$ 622,904	$ 0	$ 0	$ 0	$ 622,904
NET POSITION									
Invested in capital assets, net of related debt						$ 8,632,868			$ 8,632,868
Net assets restricted for:									
Instructional Support		$ 147,845							147,845
Expendable scholarships		57,946		$ 97,541					155,487
Unrestricted	$ 914,734		$ 30,981		$ (9,890,722)	74,206			(8,870,801)
TOTAL NET POSITION	$ 914,734	$ 205,791	$ 30,981	$ 97,541	$ (9,890,722)	$ 8,707,074	$ 0	$ 0	$ 65,399

* - The Pension Liability Fund reflects GASB Statement No. 68 adjustments and related state appropriations for UAAL.

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

CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Year ended June 30, 2017

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension Liability Fund *	Plant Fund	Eliminations	Consolidated Total
OPERATING REVENUES								
Tuition and fees	$ 4,509,484						$ 1,626,501	$ 2,882,983
Federal grants and contracts	58,269			$ 383,653				441,922
State and local grants and contracts				22,614	$ 318,694	$ 21,500		362,808
Intermediate School District rent	9,738							9,738
Sales and Services of Education Activities	20,596							20,596
Sales and Services of Auxiliary Enterprises		$ 34,900	$ 1,110,227				67,275	1,077,852
Current funds capital expenditures						134,973	134,973	
Other revenues	37,309		77,485	15,781				130,575
TOTAL OPERATING REVENUES	$ 4,635,396	$ 34,900	$ 1,187,712	$ 422,048	$ 318,694	$ 156,473	$ 1,828,749	$ 4,926,474
OPERATING EXPENSES								
Instruction	$ 4,299,497	$ 43,775		$ 10,810	$ 142,262		$ 34,972	$ 4,461,372
Instruction support	782,552	113,083			32,817			928,452
Student services	1,526,813	37,227	$ 748,884	2,125,029	56,898		1,654,427	2,840,424
Public service	172,370				$ 5,706			178,076
Institutional administration	1,717,151	259,113			60,670		61,621	1,975,313
Operation and maintenance of plant	773,748	267,290			24,017		12,470	1,052,585
Independent operations		34,895	352,893				65,259	322,529
Depreciation and amortization expense, unallocated						$ 739,052		739,052
TOTAL OPERATING EXPENSES	$ 9,272,131	$ 755,383	$ 1,101,777	$ 2,135,839	$ 322,370	$ 739,052	$ 1,828,749	$ 12,497,803
OPERATING INCOME (LOSS)	$ (4,636,735)	$ (720,483)	$ 85,935	$ (1,713,791)	$ (3,676)	$ (582,579)	$ 0	$ (7,571,329)

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Pension Liability Fund *	Plant Fund	Eliminations	Consolidated Total
NONOPERATING REVENUES (EXPENSES)								
State appropriation	$ 4,706,893							$ 4,706,893
Federal grants and contracts				$ 1,621,444				1,621,444
Property tax levy	1,467,005							1,467,005
Gifts		$ 84,257	$ 12,310	72,371				168,938
Investment income	6,226	991	20			$ 370		7,607
Interest on capital asset related debt						(127,690)		(127,690)
NET NONOPERATING REVENUES	$ 6,180,124	$ 85,248	$ 12,330	$ 1,693,815	$ 0	$ (127,320)	$ 0	$ 7,844,197
INCOME (LOSS) BEFORE TRANSFERS	$ 1,543,389	$ (635,235)	$ 98,265	$ (19,976)	$ (3,676)	$ (709,899)	$ 0	$ 272,868
TRANSFERS								
Transfers in (out)	(1,071,704)	604,292	(93,171)	22,946		537,637		
INCREASE (DECREASE) IN NET POSITION	$ 471,685	$ (30,943)	$ 5,094	$ 2,970	$ (3,676)	$ (172,262)	$ 0	$ 272,868
NET POSITION - BEGINNING OF YEAR	443,049	236,734	25,887	94,571	(9,887,046)	8,879,336		(207,469)
NET POSITION - END OF YEAR	$ 914,734	$ 205,791	$ 30,981	$ 97,541	$ (9,890,722)	$ 8,707,074	$ 0	$ 65,399

* - The Pension Liability Fund reflects GASB Statement No. 68 adjustments and related state appropriations for UAAL.

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

DETAILS OF GENERAL FUND EXPENSES

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

	Year ended June 30,					
	2018					2017
	Salaries	Fringe Benefits	Supplies and Expenses	Capital Outlay	Total	Total
Instruction:						
Fine and performing arts and humanities	$ 26,892	$ 129			$ 27,021	$ 36,071
Communication	328,934	155,800	$ 19,905		504,639	395,780
Social science	261,302	145,211	1,479		407,992	519,217
Mathematics	396,286	157,535	2,867		556,688	441,442
Sciences	394,854	151,590	13,125		559,569	500,886
Physical education	7,253	1,516	1,906		10,675	11,140
Health education	3,443	263	600		4,306	4,165
Business	244,346	134,654	10,126		389,126	351,936
Computer science and data processing	160,257	93,764	9,148		263,169	290,210
Secretarial and office	75,698	39,607	5,550		120,855	102,922
Public service	81,636	28,816	255		110,707	110,482
Personal service trades related technologies	98,474	60,201	18,078		176,753	164,434
Agriculture and Forestry	40,052	14,683	660		55,395	65,204
Design technologies	123,521	71,762	13,203		208,486	177,202
Mechanical trades and mechanical service technologies	194,668	92,669	79,493		366,830	316,676
Construction trade technologies			718		718	2,866
Transportation and equipment operation	98,910	39,801	39,821		178,532	171,740
Nursing	391,729	168,200	66,394		626,323	600,060
Other health related technologies			1,441		1,441	5,596
Learning labs/self-paced instruction	19,190	9,201	67		28,458	25,724
Human Development	2,041		4,473		6,514	5,744
Total Instruction	$ 2,949,486	$ 1,365,402	$ 289,309	$ 0	$ 4,604,197	$ 4,299,497
Instructional Support:						
Library services	$ 41,713	$ 19,031	$ 20,786	$ 5,304	86,834	$ 78,079
Education media services			7,578		7,578	12,806
Instructional administration and support	429,806	270,945	102,608		803,359	675,016
Instructional facility rental			8,531		8,531	16,651
Total Instructional Support	$ 471,519	$ 289,976	$ 139,503	$ 5,304	$ 906,302	$ 782,552

DETAILS OF GENERAL FUND EXPENSES (CONTINUED)

	Year ended June 30, 2018 Salaries	Fringe Benefits	Supplies and Expenses	Capital Outlay	Total	2017 Total
Student Services:						
Student service administration	$ 213,115	$ 124,808	$ 32,270		$ 370,193	$ 373,664
Social and cultural development	5,625	3,435	19,999		29,059	23,523
Counseling and guidance and special student services	81,137	55,144	4,169		140,450	135,209
Financial aid and placement	141,872	84,542	107,325		333,739	338,153
Auxiliary	49,336	9,508	4,674		63,518	68,621
Intercollegiate athletics	45,634	16,410	115,885		177,929	174,217
Student recruitment, admissions and records	178,925	106,262	207,297		492,484	413,426
Total Student Services	$ 715,644	$ 400,109	$ 491,619	$ 0	$ 1,607,372	$ 1,526,813
Public Service	37,569	10,418	161,570	0	$ 209,557	172,370
Institutional Administration:						
Executive management	$ 266,058	$ 101,820	$ 203,068		$ 570,946	$ 558,150
Public Relations			13,667		13,667	11,577
General administration and instructional services	557,825	266,816	295,564		1,120,205	1,147,424
Total Institutional Administration	$ 823,883	$ 368,636	$ 512,299	$ 0	$ 1,704,818	$ 1,717,151
Physical Plant Operations:						
Physical plant administration			$ 5,543		$ 5,543	$ 2,266
Building and grounds maintenance and repairs	$ 47,551	$ 19,309	136,956		203,816	287,698
Custodial services	79,918	32,391	143,852		256,161	285,598
Energy services			168,689		168,689	150,150
Health and Safety Services	21,113	9,560	4,699		35,372	48,036
Total Physical Plant Operations	$ 148,582	$ 61,260	$ 459,739	$ 0	$ 669,581	$ 773,748
TOTALS	$ 5,146,683	$ 2,495,801	$ 2,054,039	$ 5,304	$ 9,701,827	$ 9,272,131

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

DETAILS OF AUXILIARY ENTERPRISES FUND

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Year ended June 30, 2018

		Revenues			Expenses					
	Net Position July 1, 2017	Sales and Services	Other	Total	Salaries and Fringe Benefits	Supplies and Expenses	Total	Revenues Over (Under) Expenses	Net Transfers In (Out)	Net Position June 30, 2018
Food operations		$ 48,254	$ 5,800	$ 54,054	$ 39,193	$ 41,448	$ 80,641	$ (26,587)	$ 26,587	
Student facilities:										
Bookstore	$ 30,981	$ 409,300	$ 9,064	$ 418,364	$ 77,617	$ 372,793	$ 450,410	$ (32,046)	1,065	
Residential Housing		219,351	2,368	221,719	51,153	93,306	144,459	77,260	$ (77,260)	
Lindquist Student Center		113,654	1,337	114,991	22,683	92,870	115,553	(562)	562	
	$ 30,981	$ 742,305	$ 12,769	$ 755,074	$ 151,453	$ 558,969	$ 710,422	$ 44,652	$ (75,633)	$ 0
Independent operations:										
Porcupine Mountain		$ 195,891	$ 72,386	$ 268,277	$ 107,998	$ 160,279	$ 268,277			
Mt. Zion		71,837	4,500	76,337	68,518	54,213	122,731	$ (46,394)	$ 46,394	
	$ 0	$ 267,728	$ 76,886	$ 344,614	$ 176,516	$ 214,492	$ 391,008	$ (46,394)	$ 46,394	$ 0
TOTALS	$ 30,981	$ 1,058,287	$ 95,455	$ 1,153,742	$ 367,162	$ 814,909	$ 1,182,071	$ (28,329)	$ (2,652)	$ 0

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

DETAILS OF AUXILIARY ENTERPRISES FUND

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Year ended June 30, 2017

		Revenues			Expenses					
	Net Position July 1, 2016	Sales and Services	Other	Total	Salaries and Fringe Benefits	Supplies and Expenses	Total	Revenues Over (Under) Expenses	Net Transfers In (Out)	Net Position June 30, 2017
Food operations		$ 42,256	$ 4,525	$ 46,781	$ 37,895	$ 41,574	$ 79,469	$ (32,688)	$ 32,688	
Student facilities:										
Bookstore	$ 25,887	$ 424,696	$ 7,723	$ 432,419	$ 89,804	$ 337,521	$ 427,325	$ 5,094		$ 30,981
Residential Housing		287,805	5,818	293,623	50,866	76,273	127,139	166,484	$ (166,484)	
Lindquist Student Center		113,418	1,533	114,951	5,714	109,237	114,951			
	$ 25,887	$ 825,919	$ 15,074	$ 840,993	$ 146,384	$ 523,031	$ 669,415	$ 171,578	$ (166,484)	$ 30,981
Independent operations:										
Porcupine Mountain		$ 181,711	$ 59,346	$ 241,057	$ 122,900	$ 118,157	$ 241,057			
Mt. Zion		60,341	10,870	71,211	70,349	41,487	111,836	$ (40,625)	$ 40,625	
	$ 0	$ 242,052	$ 70,216	$ 312,268	$ 193,249	$ 159,644	$ 352,893	$ (40,625)	$ 40,625	$ 0
TOTALS	$ 25,887	$ 1,110,227	$ 89,815	$ 1,200,042	$ 377,528	$ 724,249	$ 1,101,777	$ 98,265	$ (93,171)	$ 30,981

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

SCHEDULE OF EXPENDITURES

COMMUNITY COLLEGE DISTRICT

Year ended

Federal Grantor Pass Through Grantor Program Title	Project Number	Federal C.F.D.A. Number		Approved Grant Award Amount
U. S. Department of Education				
Direct from the U.S. Treasury:				
Student Financial Assistance Programs Cluster:				
Federal PELL Grant Program				
Grant (2017-2018)	P063P171633	84.063	$	1,691,301
Grant (2016-2017)	P063P161633	84.063		1,621,444
Federal Supplemental Education Opportunity Grants:				
Grant (2017-2018) (Note 7)	P007A172008	84.007		26,598
Grant (2016-2017) (Note 7)	P007A162008	84.007		27,586
Federal Work-Study Program:				
Grant (2017-2018) (Note 7)	P033A162008	84.033		58,605
Grant (2016-2017) (Note 7)	P033A162008	84.033		56,663
Federal Direct Student Loans:				
Student Loans (2017-2018)	P268K181633	84.268		1,443,134
Student Loans (2016-2017)	P268K171633	84.268		1,624,427
Total Student Financial Assistance Programs Cluster			$	6,549,758
TRIO Cluster - Student Support Services Grants:		84.042A		
(9/1/17 to 8/31/18) (Note 8)	P042A150238-17		$	261,382
(9/1/16 to 8/31/17) (Note 8)	P042A150238-16			284,774
Total TRIO Cluster			$	546,156
Total Direct from the U.S. Department of Education			$	7,095,914

OF FEDERAL AWARDS

OF GOGEBIC COUNTY

June 30, 2018

(Memo Only) Prior Year Expenditures	Accrued (Deferred/A/P) Revenue July 1, 2017	Adjustments	Current Year Cash Receipts	Current Year Expenditures	Accrued (Deferred/A/P) Revenue June 30, 2018
			$ 1,680,000	$ 1,691,301	$ 11,301
$ 1,621,444	$ 40,444		40,444		
		$ (9,102)	18,684	35,700	17,016
35,388	4,230	(7,802)	4,230		
		7,464	38,038	51,141	13,103
41,965	12,623	14,698	12,623		
			1,433,412	1,443,134	9,722
1,624,427	1,163		1,163		
$ 3,323,224	$ 58,460	$ 5,258	$ 3,228,594	$ 3,221,276	$ 51,142
		$ 21,290	$ 215,368	$ 240,092	$ 24,724
$ 237,740	$ 2,891	4,545	45,380	42,489	
$ 237,740	$ 2,891	$ 25,835	$ 260,748	$ 282,581	$ 24,724
$ 3,560,964	$ 61,351	$ 31,093	$ 3,489,342	$ 3,503,857	$ 75,866

Federal Grantor Pass Through Grantor Program Title	Project Number	Federal C.F.D.A. Number	Approved Grant Award Amount
Passed through the Michigan Department of Education:			
Career and Technical Education Grants:		84.048A	
Local Annual (2017-2018) (Note 9)	1835101821		$ 65,150
Local Annual (2016-2017) (Note 9)	17351017216		70,380
Local Leadership (2017-2018)	18325018256		9,200
Local Leadership (2016-2017)	17325017256		9,200
Total Passed Through Michigan Department of Education			$ 153,930
TOTAL FEDERAL AWARDS			$ 7,249,844

The accompanying notes are an integral part of this schedule.

OF FEDERAL AWARDS (CONTINUED)

(Memo Only) Prior Year Expenditures	Accrued (Deferred/A/P) Revenue July 1, 2017	Adjustments	Current Year Cash Receipts	Current Year Expenditures	Accrued (Deferred/A/P) Revenue June 30, 2018
		$ 7,099	$ 47,431	$ 58,051	$ 10,620
$ 69,880	$ 16,797	500	16,797		
			4,600	9,200	4,600
9,200	1,200		1,200		
$ 79,080	$ 17,997	$ 7,599	$ 70,028	$ 67,251	$ 15,220
$ 3,640,044	$ 79,348	$ 38,692	$ 3,559,370	$ 3,571,108	$ 91,086

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Community College District of Gogebic County under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a portion of the operations of Community College District of Gogebic County it is not intended to and does not present the financial position of Community College District of Gogebic County.

2. The expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Community College District of Gogebic County has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. The major federal assistance program is the Student Financial Assistance Program Cluster and is listed in the Schedule of Findings and Questioned Costs. Community College District of Gogebic County qualifies as a low risk auditee in accordance with the Uniform Guidance. Major programs, which must exceed 20% of the total federal awards expended, were selected using a risk-based approach based on auditors' risk assessments. All other federal programs are considered non-major.

5. The federal oversite agency for the College is the U.S. Department of Education.

6. Expenditures in this schedule are in agreement with amounts reported in the financial statements. The various required financial reports are in agreement with the financial statements and the amounts reported on the Grant Auditor Report reconcile with this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

7. The amount of award reconciles with the expenditures as follows:

	Supplemental Education Opportunity Grant Year ended June 30, 2018	Supplemental Education Opportunity Grant Year ended June 30, 2017	College Work-Study Program Year ended June 30, 2018	College Work-Study Program Year ended June 30, 2017
Amount of award	$ 26,598	$ 27,586	$ 58,605	$ 56,663
Carry from (to) prior year	$ 2,758		$ 5,860	$ 1,722
Carry from (to) subsequent year	(1,120)	$ (2,758)	(5,860)	(5,860)
Transfer Work-Study to SEOG	7,464	10,560	(7,464)	(10,560)
Adjustment	$ 9,102	$ 7,802	$ (7,464)	$ (14,698)
Current year expenditures	$ 35,700	$ 35,388	$ 51,141	$ 41,965
Expenditures consist of the following:				
SEOG awards	$ 35,700	$ 35,388		
Federal share of on-campus wages			$ 47,006	$ 37,131
Administrative expenses			4,135	4,834
	$ 35,700	$ 35,388	$ 51,141	$ 41,965

8. The unused awards are to be spent in the College’s next fiscal year prior to the grant period end of August 31, or are carried forward to future years.

9. The unexpended grant awards for these grants were not expended and are not eligible for carryforward to future years.

10. The College did not use any sub-recipients during the year ended June 30, 2018.

11. The total federal grants and contracts revenue shown in the financial statements differs from the amount in this schedule by the $6,595 administrative allowance for the Pell student financial aid program and the $1,443,134 Federal Direct Student Loan Program loans not reported in the financial statements.

S U P P L E M E N T A L

R E P O R T S

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Community College District of Gogebic County and the discretely presented component unit, Gogebic Community College Foundation as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated November 9, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Makela, Pollack & Ahonen, PLLC

Certified Public Accountants

Ironwood, Michigan
November 9, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Community College District of Gogebic County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community College District of Gogebic County's major federal programs for the year ended June 30, 2018. Community College District of Gogebic County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community College District of Gogebic County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standard*s, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community College District of Gogebic County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community College District of Gogebic County's compliance.

Opinion on Each Major Federal Program

In our opinion, Community College District of Gogebic County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Community College District of Gogebic County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community College District of Gogebic County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community College District of Gogebic County's internal control over compliance.

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Makela, Pollack + Ahonen, PLLC

Certified Public Accountants

Ironwood, Michigan
November 9, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Year ended June 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	*Unmodified*
Internal control over financial reporting:	
▪ Material weakness(es) identified?	___Yes _X_ No
▪ Significant deficiency(ies) identified?	___Yes _X_ None reported
Noncompliance material to financial statements noted?	___Yes _X_ No

Federal Awards

Internal control over major programs:	
▪ Material weakness(es) identified?	___ Yes _X_ No
▪ Significant deficiency(ies) identified?	___ Yes _X_ None reported
Type of auditor's report issued on compliance for major programs:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with 200.51(a) of the Uniform Guidance?	___Yes _X_ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Student Financial Aid Programs Cluster:
84.063	Pell Grant
84.007	Supplemental Education Opportunity Grant
84.033	College Work Study
84.268	Federal Direct Student Loan Programs

Dollar threshold used to distinguish Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	_X_ Yes ___ No

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no significant deficiencies disclosed during the financial statements audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings and questioned costs related to the federal award programs.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Year ended June 30, 2018

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

There were no significant deficiencies disclosed during the financial statements audit.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings and questioned costs related to the federal award programs.