

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

**COMMUNITY COLLEGE DISTRICT
OF GOGEBIC COUNTY
IRONWOOD, MICHIGAN**

June 30, 2015

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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, 2015 and 2014, 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, 2015 and 2014, 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, Community College District of Gogebic County implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* during the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary 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 47 and 48, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 financial statements. Such information has been subjected to the

auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 4, 2015 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, Pollock + Ahonen, PLLC

Certified Public Accountants

Ironwood, Michigan
November 4, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS
COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Year ended June 30, 2015

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, 2015. 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, other information and supplemental reports.

Financial Highlights

The College's financial position, without the implementation of GASB's 68 and 71, remained strong at June 30, 2015, with assets of \$14.9 million and deferred outflow of resources of \$1.05 million with liabilities of \$14.7 million and deferred inflow of resources of \$1.07 million. Net position, which represents the residual interest in the College's assets after liabilities are deducted, is \$150,668. The net position consists of \$9 million invested in capital assets, net of related debt, \$338,266 restricted and a \$9.2 million deficit in unrestricted assets. Net position at the beginning of the year decreased by \$9,752,273, due to the implementation of GASB 68 and 71, recording of pension liabilities. These GASB's required the College to record the State of Michigan's unfunded pension liability costs which are not controlled by the College and we have no input or control on their performance.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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, 2015 and 2014 and changes in net assets 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 Gogebic Community 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

	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
ASSETS		
Cash, cash equivalents and investments	\$ 403,265	\$ 1,084,094
Receivables	1,596,048	1,458,604
Other assets	591,513	516,230
Capital assets and bond discount, net of depreciation and amortization	<u>12,286,034</u>	<u>12,672,802</u>
TOTAL ASSETS	<u>\$ 14,876,860</u>	<u>\$ 15,731,730</u>
DEFERRED OUTFLOW OF RESOURCES		
Related to pensions	<u>\$ 1,050,573</u>	
LIABILITIES		
Note payable	\$ 850,000	\$ 850,000
Other current liabilities	770,823	717,011
Long term debt:		
Due in one year	427,922	379,266
Due in more than one year	2,954,826	3,353,203
Net pension liability	<u>9,699,598</u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 14,703,169</u>	<u>\$ 5,299,480</u>
DEFERRED INFLOW OF RESOURCES		
Related to pensions and summer school tuition	<u>\$ 1,073,596</u>	<u>\$ 8,751</u>
NET POSITION	<u>\$ 150,668</u>	<u>\$ 10,423,499</u>

The 2014 figures have not been updated for the implementation of Statements No. 68 and 71.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>Year ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 4,499,341	\$ 4,166,577
Operating expenses	<u>(13,136,461)</u>	<u>(12,720,985)</u>
OPERATING LOSS	\$ (8,637,120)	\$ (8,554,408)
Nonoperating revenue	<u>8,116,562</u>	<u>8,869,599</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ (520,558)</u>	<u>\$ 315,191</u>

The 2014 figures have not been updated for implementation of Statements No. 68 and 71.

Operating Revenues

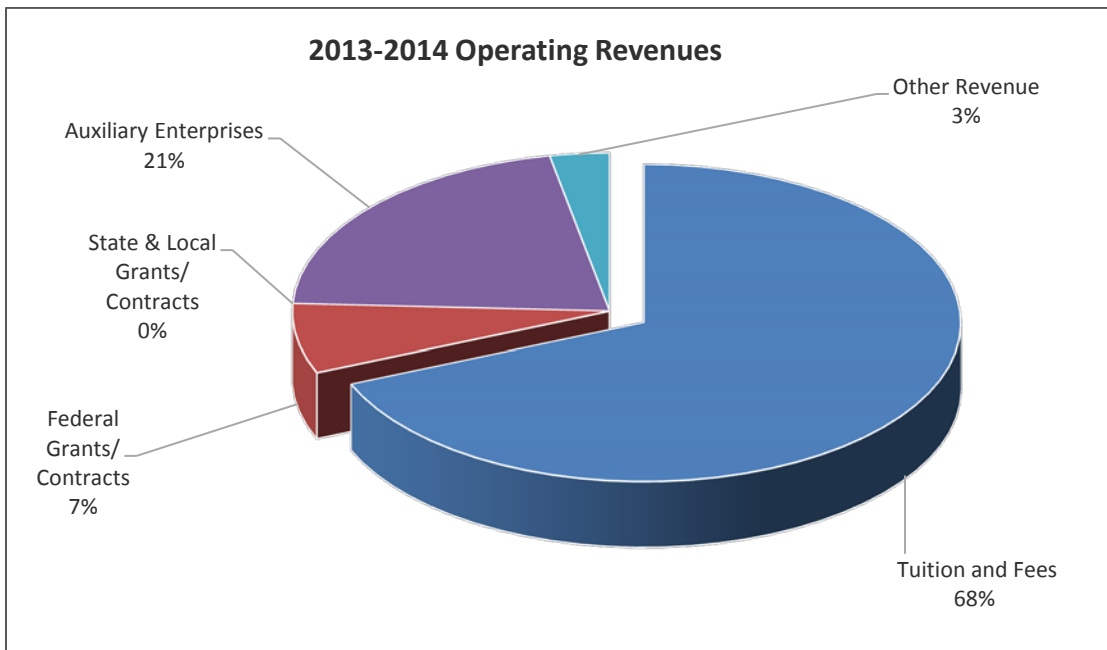
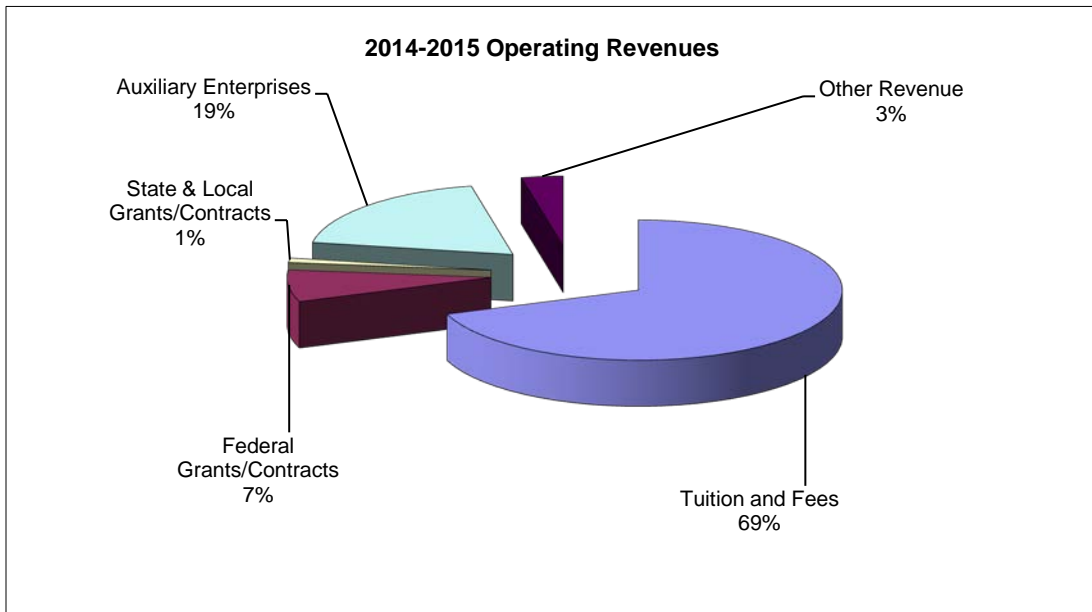
Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as tuition and fees, Lindquist Student Center, Student Housing, Snack Bar, and Bookstore operations. In addition, certain federal, state and private grants are considered operating if they 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, 2015, student tuition and fee revenue increased \$321,518 as a result of the College incurring relatively flat enrollment and a Board approved tuition increase of \$0 per credit hour for In-District and \$4 per credit hour for Out-of-District and Out-of-District Reciprocity, \$2 per credit hour for Out-of-State, and no tuition increase for International. The Board also approved fee increases for a small number of courses.
- For the year ended June 30, 2014, student tuition and fee revenue increased \$162,473 as a result of the College incurring a 2.3% increase in enrollment and a Board approved tuition increase of \$3 per credit hour for In-District and \$6 per credit hour for Out-of-District and Out-of-District Reciprocity, \$6 per credit hour for Out-of-State, and no tuition increase for International. The Board also approved fee increases for a small number of courses.
- For the year ended June 30, 2015, auxiliary services revenues increased by 2% and expenses decreased by 2.7%, due to the increased operations of the Porcupine Mountain Ski Area, the decrease in Mt. Zion use, and reduced sales in the Bookstore. These factors resulted in a \$23,946 increase in transfers to the auxiliary services. There was a decrease of \$1,209 in the amount transferred from the Bookstore to the General Fund and \$510 decrease in the amount transferred from the Bookstore to other funds. The net effect resulted in a \$1,662 increase in net position.
- For the year ended June 30, 2014, auxiliary services revenues decreased by 8% and expenses increased by 2.7%, due to the increased operations of the Porcupine Mountain Ski Area, the decrease in Mt. Zion use, and reduced sales in the Bookstore. These factors resulted in a \$26,414 increase in transfers to the auxiliary services. There was a decrease of \$65,577 in the amount transferred from the Bookstore to the General Fund and \$10,842 decrease in the amount transferred from the Bookstore to other funds. The net effect resulted in a \$34,479 decrease in net position.

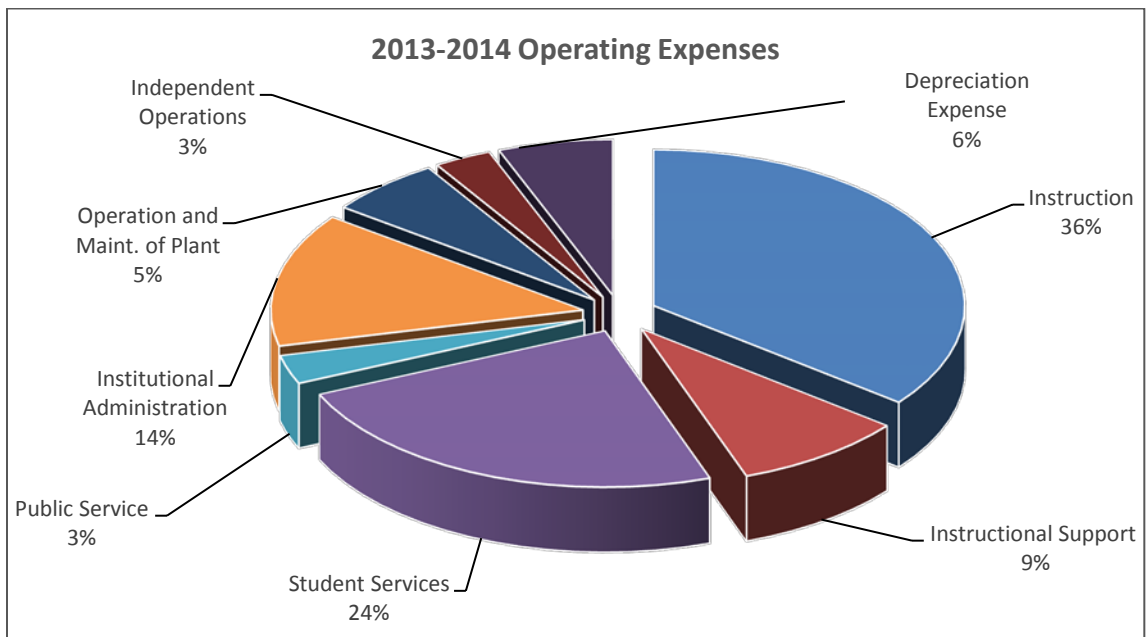
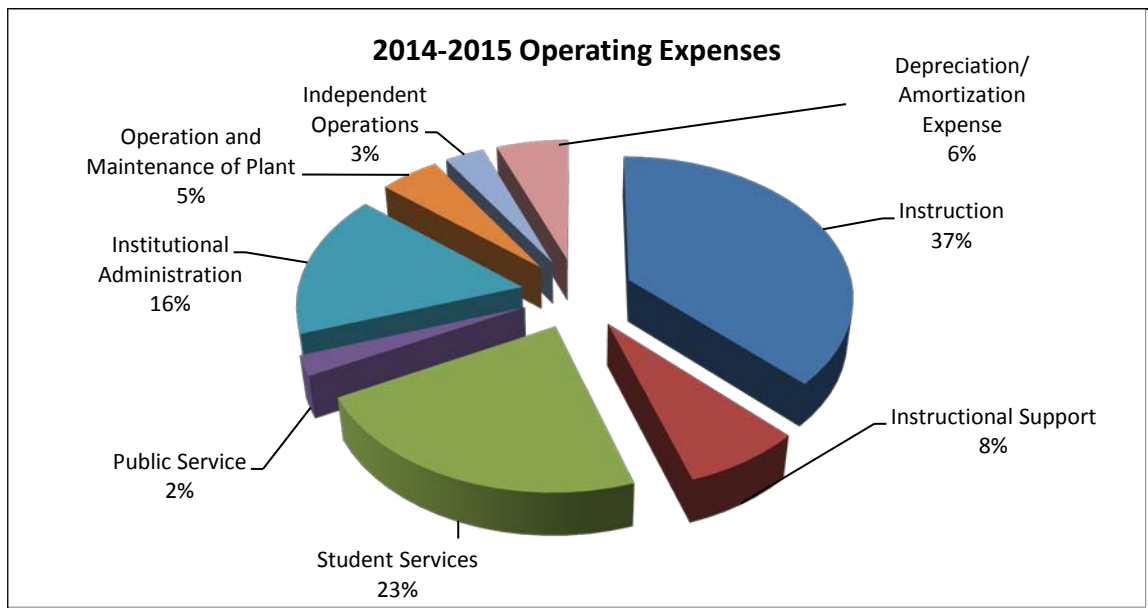
Operating Revenues (Continued)

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, 2015 increased \$363,550 to \$10,058,411. The operating expenses of the General Fund for the year ended June 30, 2014 increased \$359,515 to \$9,694,861. 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 34/35 which reclassifies Pell grants as non-operating revenue.

Non-operating revenue changes were the result of the following factors:

- Pell grant funding decreased \$331,509.
- The taxable value of property within the Community College district decreased by 1.4%, and property tax revenue decreased by \$24,666.
- During the previous year, the College received state grant funding to assist with building renovations.

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 period. 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

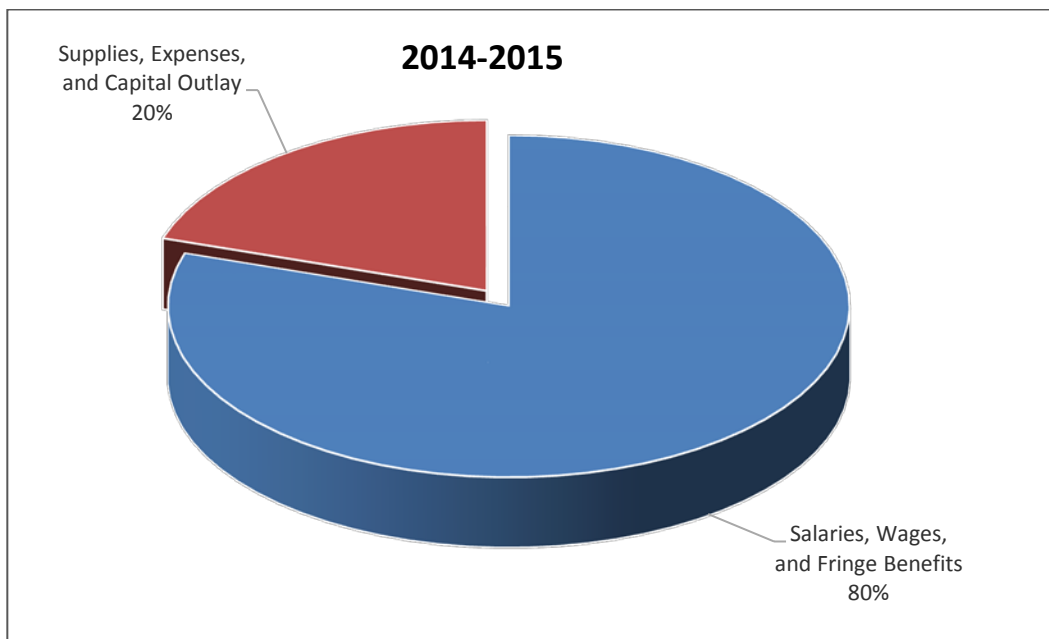
The College's cash position decreased during the year by \$681,262. Cash and cash equivalents were \$290,378 as of June 30, 2015. Details of how the decrease occurred are contained in the Statement of Cash Flows.

General Fund Expenditures

General Fund salaries and wages decreased \$86,089 and fringe benefits increased \$218,121 for the year ended June 30, 2015. This amounted to a 1.7% decrease in salaries and an 8.3% increase in benefits. This contributed to the \$43,574 larger decrease in the General Fund Net Position this year compared to last year.

Since General Fund salaries, wages and fringe benefits accounted for 80% of total expenditures for the year ending June 30, 2015 and 80% for the year ending June 30, 2014, 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, 2015.



MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2015, the College had \$12.2 million invested in capital assets, net of accumulated depreciation of \$14.3 million. Capital investments for the year were \$380,777 and depreciation charges totaled \$761,583. Details of these assets as of June 30, 2015 are outlined below.

	<u>Balance June 30,</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 95,968	\$ 95,968
Land improvements	1,388,815	1,352,910
Buildings	18,328,202	18,171,659
Equipment	6,726,076	6,585,894
Construction in progress		
	<u>\$ 26,539,061</u>	<u>\$ 26,206,431</u>
Accumulated depreciation:		
Land improvements	\$ 942,940	\$ 900,646
Buildings	8,236,590	7,827,213
Equipment	<u>5,148,365</u>	<u>4,886,600</u>
	<u>\$ 14,327,895</u>	<u>\$ 13,614,459</u>
	<u>\$ 12,211,166</u>	<u>\$ 12,591,972</u>

The majority of the College's investment in capital assets is in buildings. Buildings have a cost value of \$18.3 million before depreciation. 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 \$6.7 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, 2015, the College had long term debt totaling \$3.4 million. This amount consists of \$2.67 million of revenue bonds, \$.6 million in capital leases and in installment agreements, \$.1 million in retirement incentives and post employment health insurance payable to employees. Debt payments of \$389,721 were made during the year ended June 30, 2015.

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 and Michigan Community College Association with all state appropriation base funding issues.

Gogebic Community College implemented GASB's 68 and 71 in the current fiscal year, and is now recognizing the unfunded Michigan Pension Cost 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 \$9,721,319 at the end of the year. The inclusion of the GASB reporting does not reduce the College's cash balances but does recognize an unfunded liability.

The College invested again in their satellite campus in the Copper County of Upper Michigan expanding the site by an additional 7,500 sq. feet. The site has proven to be a positive investment and the needs of the surrounding areas are still unmet. The growth is welcome and the educational reach of the College will continue to expand as there remains a gap in educational services. Currently the region is embracing the Early College Program with the local high schools. The College is incurring increased enrollment off campus due to this new program and partnerships with local school districts.

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.

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.

BASIC
FINANCIAL
STATEMENTS

STATEMENTS OF
COMMUNITY COLLEGE DISTRICT

	Community College District of Gogebic County		Gogebic Community College Foundation (Component Unit)	
	June 30,		June 30,	
	2015	2014	2015	2014
ASSETS				
Cash and cash equivalents	\$ 290,378	\$ 971,640	\$ 30,711	\$ 31,476
Investments	112,887	112,454	3,689,924	3,543,938
State appropriation receivable	809,347	784,995		
Property taxes receivable (net of allowance: 2015 - \$3,907; 2014 - \$4,110)	9,789	8,036		
Other accounts receivable	776,912	630,440		
Inventories	379,325	383,630		
Prepaid expenses and other assets	212,188	132,600		
Due to due from component unit		35,133		
Bond discount net of accumulated amortization	74,868	80,830		
Capital assets net of accumulated depreciation	<u>12,211,166</u>	<u>12,591,972</u>	<u>12,500</u>	<u>12,627</u>
TOTAL ASSETS	<u>\$ 14,876,860</u>	<u>\$ 15,731,730</u>	<u>\$ 3,733,135</u>	<u>\$ 3,588,041</u>
DEFERRED OUTFLOW OF RESOURCES				
Related to pensions	<u>\$ 1,050,573</u>			

NET POSITION
OF GOGEBIC COUNTY

	Community College District of Gogebic County		Gogebic Community College Foundation (Component Unit)	
	June 30,		June 30,	
	2015	2014	2015	2014
LIABILITIES				
Accounts payable	\$ 168,351	\$ 140,752		
Due to Community College District of Gogebic County			\$ 35,133	
Salaries, wages and related liabilities payable	533,165	502,206		
Interest payable	38,374	41,427		
Note payable	850,000	850,000		
Due to depositors and other liabilities	30,933	32,626		
Long-term debt:				
Due in one year	427,922	379,266		
Due in more than one year	2,954,826	3,353,203		
Net pension liability	<u>9,699,598</u>	<u> </u>		
TOTAL LIABILITIES	<u>\$ 14,703,169</u>	<u>\$ 5,299,480</u>	<u>\$ 35,133</u>	
DEFERRED INFLOW OF RESOURCES				
Unavailable revenue - summer school tuition	\$ 1,302	\$ 8,751		
Related to pensions	<u>1,072,294</u>	<u> </u>		
TOTAL DEFERRED INFLOW OF RESOURCES	<u>\$ 1,073,596</u>	<u>\$ 8,751</u>		
NET POSITION				
Invested in capital assets, net of related debt	\$ 9,052,414	\$ 9,206,476	\$ 12,500	\$ 12,627
Net position restricted for:				
Instructional Support	217,633	279,381		
Expendable scholarships	120,663	108,312		
Temporarily restricted Foundation assets			668,690	665,443
Permanently restricted Foundation assets			2,434,366	2,259,005
Unrestricted	<u>(9,240,042)</u>	<u>829,330</u>	<u>617,579</u>	<u>615,833</u>
TOTAL NET POSITION	<u>\$ 150,668</u>	<u>\$ 10,423,499</u>	<u>\$ 3,733,135</u>	<u>\$ 3,552,908</u>

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		Gogebic Community College Foundation (Component Unit)	
	<u>Year ended June 30,</u>		<u>Year ended June 30,</u>	
	2015	2014	2015	2014
OPERATING REVENUES				
Tuition and fees (net of scholarship allowances: 2015 - \$1,808,717; 2014 - \$2,047,203)	\$ 2,575,768	\$ 2,254,250		
Federal grants and contracts	462,477	460,160		
State and local grants and contracts	65,943	30,017		
Intermediate School District rent	24,430	20,863		
Sales and Services of Education Activities	22,056	55,443		
Sales and Services of Auxiliary Enterprises	1,196,365	1,234,767		
Other revenues	<u>152,302</u>	<u>111,077</u>	\$ 12,065	\$ 12,135
TOTAL OPERATING REVENUES	\$ 4,499,341	\$ 4,166,577	\$ 12,065	\$ 12,135
OPERATING EXPENSES				
Instruction	\$ 4,911,682	\$ 4,547,690		
Instruction support	987,616	1,108,203		
Student services	2,959,602	3,027,318	\$ 66,558	\$ 59,287
Public Service	298,898	356,430		
Institutional administration	2,149,971	1,756,300		
Operation and maintenance of plant	639,269	750,378	102,721	164,567
Independent operations	421,878	413,380		
Depreciation and amortization expense, unallocated	<u>767,545</u>	<u>761,286</u>		
TOTAL OPERATING EXPENSES	\$ 13,136,461	\$ 12,720,985	\$ 169,279	\$ 223,854
OPERATING LOSS	\$ (8,637,120)	\$ (8,554,408)	\$ (157,214)	\$ (211,719)

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

	Community College District of Gogebic County		Gogebic Community College Foundation (Component Unit)	
	<u>Year ended June 30,</u>		<u>Year ended June 30,</u>	
	2015	2014	2015	2014
NONOPERATING REVENUES (EXPENSES)				
State appropriation	\$ 4,788,807	\$ 4,546,075		
Federal grants and contracts	1,886,328	2,217,837		
State and local grants and contracts		685,949		
Property tax levy	1,427,579	1,452,245		
Gifts	168,522	132,013	\$ 255,822	\$ 144,335
Investment income	794	898	81,619	463,503
Interest on capital asset related debt	<u>(155,468)</u>	<u>(165,418)</u>		
NET NONOPERATING REVENUES	<u>\$ 8,116,562</u>	<u>\$ 8,869,599</u>	<u>\$ 337,441</u>	<u>\$ 607,838</u>
INCREASE (DECREASE) IN NET POSITION	\$ (520,558)	\$ 315,191	\$ 180,227	\$ 396,119
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY STATED	\$ 10,423,499	\$ 10,108,308	\$ 3,552,908	\$ 3,156,789
Adoption of GASB Statements 68 & 71:				
Net Pension Liability	(10,312,209)			
Deferred Outflows	<u>559,936</u>			
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>\$ 671,226</u>	<u>\$ 10,108,308</u>	<u>\$ 3,552,908</u>	<u>\$ 3,156,789</u>
NET POSITION - END OF YEAR	<u>\$ 150,668</u>	<u>\$ 10,423,499</u>	<u>\$ 3,733,135</u>	<u>\$ 3,552,908</u>

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		Gogebic Community College Foundation (Component Unit)	
	Year ended June 30,		Year ended June 30,	
	2015	2014	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees	\$ 2,575,854	\$ 2,314,796		
Grants and contracts	450,161	467,640		
Auxiliary enterprise and other revenues	1,354,538	1,403,831	\$ 12,065	\$ 12,135
Payments to suppliers and employees	<u>(12,349,815)</u>	<u>(11,907,076)</u>	<u>(204,285)</u>	<u>(187,957)</u>
NET CASH USED IN OPERATING ACTIVITIES	\$ (7,969,262)	\$ (7,720,809)	\$ (192,220)	\$ (175,822)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	\$ 4,764,455	\$ 4,615,627		
Property tax collections	1,425,826	1,478,587		
Gifts	168,522	132,013	\$ 255,822	\$ 144,335
Federal grants and contracts	1,886,328	2,217,837		
Student organization and agency transactions	<u>(1,693)</u>	<u>(12,354)</u>		
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	\$ 8,243,438	\$ 8,431,710	\$ 255,822	\$ 144,335
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	\$ (380,777)	\$ (1,530,948)		
Proceeds from State grants		685,949		
Principal paid on long-term debt	(416,501)	(405,986)		
Interest paid	<u>(158,521)</u>	<u>(161,742)</u>		
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	\$ (955,799)	\$ (1,412,727)		
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments			\$ 331,983	\$ 69,767
Purchase of investments	\$ (433)	\$ (459)	(548,622)	(121,245)
Investment income	<u>794</u>	<u>898</u>	<u>152,272</u>	<u>110,456</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	\$ 361	\$ 439	\$ (64,367)	\$ 58,978
NET INCREASE (DECREASE) IN CASH	\$ (681,262)	\$ (701,387)	\$ (765)	\$ 27,491
Cash at beginning of year	<u>971,640</u>	<u>1,673,027</u>	<u>31,476</u>	<u>3,985</u>
CASH AT END OF YEAR	<u>\$ 290,378</u>	<u>\$ 971,640</u>	<u>\$ 30,711</u>	<u>\$ 31,476</u>

STATEMENTS OF CASH FLOWS (CONTINUED)

	Community College District of Gogebic County		Gogebic Community College Foundation (Component Unit)	
	<u>Year ended June 30,</u>		<u>Year ended June 30,</u>	
	2015	2014	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating loss	\$ (8,637,120)	\$ (8,554,408)	\$ (157,214)	\$ (211,719)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	\$ 767,545	\$ 761,286	\$ 127	\$ 764
Deferred compensation and other postemployment benefits accrued	66,780	54,117		
Related to pensions	(30,954)			
(Increase) decrease in current assets:				
Accounts receivable	(111,339)	(47,406)		
Inventories	66,590	6,272		
Prepaid expenses and other assets	(141,873)	4,935		
Increase (decrease) in current liabilities:				
Accounts payable	27,599	(33,372)	(35,133)	35,133
Salaries, wages and related liabilities payable	30,959	88,483		
Unavailable revenue	(7,449)	(716)		
Total adjustments	<u>\$ 667,858</u>	<u>\$ 833,599</u>	<u>\$ (35,006)</u>	<u>\$ 35,897</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (7,969,262)</u>	<u>\$ (7,720,809)</u>	<u>\$ (192,220)</u>	<u>\$ (175,822)</u>
 Supplemental schedule of noncash capital and related financing activities:				
Effect of implementing GASB statements 68 & 71	\$ (9,752,273)			
Early Retirement Incentives and Other Postemployment Benefits accrued	\$ 20,434	\$ 27,316		

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

NOTES
TO
FINANCIAL
STATEMENTS

NOTES TO FINANCIAL STATEMENTS

COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with the 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 GASB Statement No. 35. Business Type Activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

The accompanying financial statements have been prepared in accordance with criteria established by 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2015, was \$4,451,400. The funds received in July and August of 2015 are State appropriations for the year ended June 30, 2015, 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 - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public 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/expenditure) until then. The College has one item that qualifies for reporting in this category. Deferred outflows are recognized for pension related items which are expensed in the plan years 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 has two items that qualify for reporting in this category. The College reports unavailable revenue from summer school tuition as an inflow of resources in the period that the amounts become available. The College has future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in Capital Assets, Net of Related Debt – This is a portion of the net assets 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 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE B – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consisted of the following:

	College		Foundation	
	June 30,		June 30,	
	2015	2014	2015	2014
Cash and cash equivalents	\$ 290,378	\$ 971,640	\$ 30,711	\$ 31,476
Investments:				
Certificates of deposit	112,887	112,454		
Mutual Funds	_____	_____	3,689,924	3,543,938
	\$ 403,265	\$ 1,084,094	\$ 3,720,635	\$ 3,575,414

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 investable 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, 2015 and 2014.

	June 30,	
	2015	2014
Deposits in banks insured by federal depository insurance:		
Insured	\$ 266,177	\$ 316,016
Uncollateralized amounts exceeding insurance limits and uninsured money market funds	186,625	974,701
	\$ 452,802	\$ 1,290,717

The College places its deposits with 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 the market value in the statement of net position and the mutual funds, considered Level I type investments, are valued at quoted market prices.

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, 2015:

	<u>General Fund</u>	<u>Designated Fund</u>	<u>Auxiliary Enterprise Fund</u>	<u>Restricted Fund</u>	<u>Total</u>
State of Michigan	\$ 110,167			\$ 20,016	\$ 130,183
Federal government	2,313			109,013	111,326
Other local units	13,135				13,135
Students	279,479				279,479
Sundry	<u>242,757</u>	<u> </u>	<u>\$ 32</u>	<u> </u>	<u>242,789</u>
TOTALS	<u>\$ 647,851</u>	<u>\$ 0</u>	<u>\$ 32</u>	<u>\$ 129,029</u>	<u>\$ 776,912</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE D – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015, were as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2015</u>
Land	\$ 95,968			\$ 95,968
Land improvements	1,352,910	\$ 35,905		1,388,815
Buildings	18,171,659	156,543		18,328,202
Equipment	<u>6,585,894</u>	<u>188,329</u>	<u>\$ 48,147</u>	<u>6,726,076</u>
	\$ 26,206,431	\$ 380,777	\$ 48,147	\$ 26,539,061
Accumulated depreciation:				
Land improvements	\$ 900,646	\$ 42,294		\$ 942,940
Buildings	7,827,213	409,377		8,236,590
Equipment	<u>4,886,600</u>	<u>309,912</u>	<u>\$ 48,147</u>	<u>5,148,365</u>
	<u>\$ 13,614,459</u>	<u>\$ 761,583</u>	<u>\$ 48,147</u>	<u>\$ 14,327,895</u>
	<u>\$ 12,591,972</u>	<u>\$ (380,806)</u>	<u>\$ 0</u>	<u>\$ 12,211,166</u>

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2015, was as follows:

	Balance at July 1, <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	Balance at June 30, <u>2015</u>
Gogebic Range Bank, due August 8, 2014, with interest at 1.5%	\$ 850,000		\$ 850,000	
Merit Bank, due August 7, 2015, with interest at 1.25%		\$ 850,000		\$ 850,000
River Valley Bank, due April 20, 2015, with interest at .95%	<u> </u>	<u>325,000</u>	<u>325,000</u>	<u> </u>
	<u>\$ 850,000</u>	<u>\$ 1,175,000</u>	<u>\$ 1,175,000</u>	<u>\$ 850,000</u>

Changes in long-term debt are summarized as follows:

	Balance July 1, <u>2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2015</u>	<u>Current Portion</u>
2013 Community College Facility Bonds	\$ 770,000		\$ 70,000	\$ 700,000	\$ 75,000
Community College Facilities Bonds, Series 2006	2,085,246		111,384	1,973,862	117,023
Capital Leases Payable	112,761		34,977	77,784	77,784
Energy Conservation Installment Purchase Agreement	627,639		104,606	523,033	104,606
Deferred Compensation Payable	89,333	\$ 40,000	54,666	74,667	45,667
Other Postemployment Benefits See Note H	<u>47,490</u>	<u> </u>	<u>14,088</u>	<u>33,402</u>	<u>7,842</u>
	<u>\$ 3,732,469</u>	<u>\$ 40,000</u>	<u>\$ 389,721</u>	<u>\$ 3,382,748</u>	<u>\$ 427,922</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2020, and five year totals to maturity, are:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 427,922	\$ 137,910	\$ 565,832
2017	330,609	122,171	452,780
2018	322,974	108,803	431,777
2019	327,506	94,995	422,501
2020	339,470	80,660	420,130
2021-2025	1,136,714	243,097	1,379,811
2026-2030	<u>497,553</u>	<u>32,462</u>	<u>530,015</u>
	<u>\$ 3,382,748</u>	<u>\$ 820,098</u>	<u>\$ 4,202,846</u>

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 refurbishing 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:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 75,000	\$ 15,203	\$ 90,203
2017	75,000	13,750	88,750
2018	80,000	12,160	92,160
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	<u>100,000</u>	<u>1,300</u>	<u>101,300</u>
	<u>\$ 700,000</u>	<u>\$ 71,303</u>	<u>\$ 771,303</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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. The Bonds are dated January 25, 2006, mature December 15, 2027, and bear an interest rate of 4.95%. The bonds are payable on the 15th of each month with principal and interest payments totaling \$17,676 each month until maturity. Bond discount costs were \$131,167 and are being amortized over the bond repayment period. A summary of the annual principal and interest requirements until maturity follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 117,023	\$ 95,089	\$ 212,112
2017	122,950	89,162	212,112
2018	129,176	82,936	212,112
2019	135,717	76,395	212,112
2020	142,590	69,522	212,112
2021	149,810	62,302	212,112
2022	157,396	54,716	212,112
2023	165,367	46,745	212,112
2024	173,741	38,371	212,112
2025	182,539	29,573	212,112
2026	191,782	20,330	212,112
2027	201,494	10,618	212,112
2028	<u>104,277</u>	<u>1,514</u>	<u>105,791</u>
	<u>\$ 1,973,862</u>	<u>\$ 677,273</u>	<u>\$ 2,651,135</u>

The bonds are now subject to optional redemption in whole or in part in such order as the College may determine on any date, at a redemption price of 100%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Capital Leases Payable

On June 30, 2015, the College was obligated under two capital leases entered into during the year ended June 30, 2011, to finance the purchase of a postage meter and a snow groomer. These assets and the related liabilities are recorded in the Plant Fund. Data relative to these capital leases at June 30, 2015, was as follows:

	<u>Postage Meter</u>	<u>Snow Groomer</u>
Capital asset cost	\$ 15,177	\$ 190,000
Date of lease	June 6, 2011	November 1, 2010
Quarterly payments, including interest	\$ 1,053	
Annual payments, including interest		Various
Interest rate	14.61%	6.689%
Minimum lease payments - June 30, 2016	<u>\$ 4,211</u>	<u>\$ 76,500</u>
Future net minimum payments	\$ 4,211	\$ 76,500
Less amount for interest	<u>40</u>	<u>2,887</u>
Present value of future net minimum payments	<u>\$ 4,171</u>	<u>\$ 73,613</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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:

<u>Year ending June 30,</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Total</u>
2016	\$ 104,606	\$ 24,691	\$ 129,297
2017	104,607	19,259	123,866
2018	104,607	13,707	118,314
2019	104,607	8,215	112,822
2020	<u>104,606</u>	<u>2,723</u>	<u>107,329</u>
	<u>\$ 523,033</u>	<u>\$ 68,595</u>	<u>\$ 591,628</u>

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. The College currently has six employees each receiving early retirement incentives of \$3,333 to \$10,667 each year with total payments of \$10,000 to \$32,000. Following is a summary of future required payments:

	<u>Amount</u>
Cash payments during year ending:	
June 30, 2016	\$ 45,667
June 30, 2017	24,000
June 30, 2018	<u>5,000</u>
	<u>\$ 74,667</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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. MPSERS issues a publicly available Comprehensive Annual Financial Report that can be obtained at <http://michigan.gov/orsschools/0,1607,7-206-36585-,00.html>.

Benefits Provided

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

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Benefits Provided (Continued)

Regular Retirement (no reduction factor for age)

Eligibility - Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age 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 (PPP) members, age 60 with 10 years of credited service.

Annual Amount - Total credited service as of the Transition Date times 1.5% of final average compensation.

Pension Plus

An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 - Credited Service after the Transition Date times 1.5% times FAC.

Option 2 - Credited Service after the Transition Date (until total service reaches 30 years) times 1.5% times FAC, PLUS Credited Service after the Transition Date and over 30 years times 1.25% times FAC.

Option 3 - Credited Service after the Transition Date times 1.25% times FAC.

Option 4 - None (Member will receive benefit through a Defined Contribution plan).

Final Average Compensation - Average of 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.

Member Contributions

The majority of the members currently participate on a contributory basis, under a variety of options "Benefits Provided." Reporting units 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

Employer Contributions

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

The College's pension contributions for the year ended June 30, 2015 were equal to the required contribution total. Pension contributions were approximately \$1,325,800, with \$1,143,300 specifically for the Defined Benefit Plan. These amounts include Section 147 contributions also.

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

Pension Liabilities

At June 30, 2015, the College reported a liability of \$9,699,598 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2014, the College's proportion was .04404 percent.

For the year ended June 30, 2015, the College recognized pension expense of approximately \$785,760. At June 30, 2015, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Difference between expected and actual Change in assumptions	\$ 357,894	
Net difference between projected and actual earnings on pension plan investments		\$ (1,072,294)
Reporting Unit's contributions subsequent to the measurement date	<u>692,679</u>	<u> </u>
	<u>\$ 1,050,573</u>	<u>\$ (1,072,294)</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE F – DEFINED BENEFIT PLAN AND POST RETIREMENT BENEFITS

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

Pension Liabilities (Continued)

\$692,679 reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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

Year ended June 30,

2016	\$ (175,010)
2017	(175,010)
2018	(175,010)
2019	<u>(189,370)</u>
	<u>\$ (714,400)</u>

Actuarial Assumptions

Investment rate of return - 8.0% 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).

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

Inflation - 2.5%

Mortality assumptions - The healthy life post-retirement mortality table used in this valuation of the System was the RP-2000 Male and Female Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. The final rates used include no margin for future mortality improvement. This assumption is used to measure the probabilities of each benefit payment being made after retirement.

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2014. An assumption experience study is performed every five years. The actuarial assumptions used in the September 30, 2014 valuation were based on the results of an actuarial experience study for the period October 1, 2008 to September 30, 2013. As a result of this actuarial experience study, the actuarial assumptions were adjusted to more closely reflect actual experience.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

The long-term expected rate of return on pension plan investments - The rate was 8% (7% Pension Plus Plan) net of investment and administrative expenses was determined using a 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.

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

<u>Investment Category</u>	<u>Target Location</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	28.00%	4.80%
Alternate Investment Pools	18.00%	8.50%
International Equity	16.00%	6.10%
Fixed Income Pools	10.50%	1.50%
Real Estate and Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	15.50%	6.30%
Short Term Investment Pools	<u>2.00%</u>	(0/2)%
	<u>100.00%</u>	

*Long term rate of return does not include
2.5% inflation.

Discount rate - The discount rate used to measure the total pension liability was 8% (7% for Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from member entities will be made at contractually required rates, actuarially determined. 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 active and inactive employees. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Sensitivity of the net pension liability to changes in the discount rate

The following presents the Reporting Unit’s proportionate share of the net pension liability calculated using the discount rate of 8.0 percent, as well as what the Reporting Unit’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.0 percent) or 1 percentage point higher (9.0 percent) than the current rate:

	1% Lower <u>(7.0%)</u>	Discount Rate <u>(8.0%)</u>	1% Higher <u>(9.0%)</u>
Reporting Unit's proportionate share of net pension liability	<u>\$ 12,788,075</u>	<u>\$ 9,699,598</u>	<u>\$ 7,097,510</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2014 Comprehensive Annual Financial Report, available here: <http://michigan.gov/orsschools/0,1607,7-206-36585---,00.html>.

Benefit Provisions - Other Postemployment

Introduction

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. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, 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.

Public Act 75 of 2010 requires each actively employed member of MPERS after June 30, 2010 to annually contribute 3% of their compensation to offset employer contributions for health care benefits of current retirees.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Benefit Provisions - Other Postemployment (Continued)

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 December 1, 2012.

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

Employer Contributions

The College postemployment healthcare contributions to MPSERS for the year ended June 30, 2015 were approximately \$124,300.

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 MPSEER 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 12%, 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, 2015, 2014 and 2013, were \$173,024, \$139,014, and \$119,992, respectively.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 fifteen 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 Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009.

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, 2015 and 2014, the College contributed \$20,434 and \$26,802 towards the plan. The College has estimated the cost of providing this retiree health care benefit through an actuarial valuation as of June 30, 2015 using the alternative measurement method 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 \$33,402 as of June 30, 2015. The College has elected to accrue the entire liability. This amount is unfunded as of June 30, 2015. 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, 2015, 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 66% of the College employees are covered by collective bargaining agreements. 5% are part of the American Federation of State, County, and Municipal Employees, AFLCIO, 18% are part of the Education Support Personnel, WUPEA/MEA-NEA and 43% belong to the Michigan Association of Higher Education. All collective bargaining units have contracts in place.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE K – OPERATING LEASES

During January 2013 the College entered into a lease for an off-campus classroom/office space. According to the lease, the College is to make payments each month for a period of ten years. The monthly payments are adjusted annually. The monthly payment also includes a prorated share of the property taxes and other operating expenses. The total paid for this lease during the year ended June 30, 2015 was \$116,539. The annual payments for the next five years are expected to be about \$116,500 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 – DEFERRED OUTFLOW/INFLOW OF RESOURCES

The College's deferred outflow/inflow of resources reported in the Statement of Net Position at June 30, 2015, includes unspent summer school tuition of \$1,302 the deferred outflow/inflow of resources related to pensions as discussed in Note F – Defined Benefit Plan and Post Retirement Benefits.

NOTE M – CAPITAL LEASE OBLIGATIONS

During the year ended June 30, 2007, the College completed three campus renovation/maintenance projects to repair elevators, replace chemical exhaust in Biology and Chemistry rooms, and to replace all roofs on campus at a total cost of \$999,019. The project was financed by grants and a bond issue from the SBA for \$998,919, with the remainder appropriated by the State of Michigan. 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 20 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 bonds are paid off, the SBA has agreed to convey the title to the College for one dollar.

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 bonds are paid off, the SBA has agreed to convey the title to the College for one dollar.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE M – CAPITAL LEASE OBLIGATIONS (CONTINUED)

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

NOTE N – 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 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 O - NEW ACCOUNTING STANDARDS

For the year ended June 30, 2015 the College implemented the following new pronouncements: Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary:

GASB Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation. The net pension liability is the difference between the total pension 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 pension liability and expense for the cost-sharing plan. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

GASB Statement No. 71 addressed the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

The restatement of the beginning of the year net position is shown on the Statement of Revenues, Expenses and Changes in Net Position.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE P - UPCOMING ACCOUNTING PRONOUNCEMENT

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued by the GASB in June 2015 and will be effective for the College's 2018 fiscal year. The Statement 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. Statement 75 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.

REQUIRED
SUPPLEMENTAL
INFORMATION

SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY AND RELATED NOTES
COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY
June 30, 2015

Reporting unit's proportion of net pension liability (%)	\$ 9,699,598
Reporting unit's proportionate share of net pension liability	0.04404%
Reporting unit's covered-employee payroll	\$ 3,799,783
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	255.27%
Plan fiduciary net position as a percentage of total pension liability	66.20%

Notes:

This schedule is presented to illustrate the District'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 District presents information for those years for which information is available.

Changes of benefit terms: There were no changes of benefit terms.

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

SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS
AND RELATED NOTES
COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY
June 30, 2015

Statutorily required contributions	\$	816,712
Contributions in relation to statutorily required contributions		<u>816,712</u>
Contribution deficiency (excess)	\$	<u>0</u>
Reporting unit's covered-employee payroll	\$	3,733,269
Contributions as a percentage of covered-employee payroll		21.88%

Notes:

This schedule is presented to illustrate the District's contributions to 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 District presents information for those years for which information is available.

Changes of benefit terms: There were no changes of benefit terms.

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

OTHER
FINANCIAL
INFORMATION

CONSOLIDATING STATEMENT OF NET POSITION
COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

June 30, 2015

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Plant Fund	Agency Fund	Eliminations	Consolidated Total
ASSETS								
Cash and cash equivalents	\$ 52,838	\$ 143,707	\$ 40,498	\$ 4,623	\$ 48,712			\$ 290,378
Investments	87,646	25,241						112,887
State appropriation receivable	809,347							809,347
Property taxes receivable (net of \$3,907 allowance)	9,789							9,789
Other accounts receivable	647,851		32	129,029				776,912
Inventories	17,437	62,285	299,603					379,325
Prepaid expenses and other assets	69,132	143,056						212,188
Due from (due to) other funds	320,277	(74,765)	(229,256)	(61,478)	38,739	\$ 6,483		
Bond discount					131,167			131,167
Less accumulated amortization					(56,299)			(56,299)
Capital assets					26,539,061			26,539,061
Less accumulated depreciation					(14,327,895)			(14,327,895)
TOTAL ASSETS	<u>\$ 2,014,317</u>	<u>\$ 299,524</u>	<u>\$ 110,877</u>	<u>\$ 72,174</u>	<u>\$ 12,373,485</u>	<u>\$ 6,483</u>	<u>\$ 0</u>	<u>\$ 14,876,860</u>
DEFERRED OUTFLOW OF RESOURCES								
Related to pensions	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,050,573</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,050,573</u>

CONSOLIDATING STATEMENT OF NET POSITION (CONTINUED)

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Plant Fund	Agency Fund	Eliminations	Consolidated Total
LIABILITIES								
Accounts payable	\$ 161,986		\$ 6,365					\$ 168,351
Salaries, wages and related liabilities payable	533,165							533,165
Interest payable	9,740				\$ 28,634			38,374
Note payable	850,000							850,000
Due to depositors and other liabilities	11,500		12,950			\$ 6,483		30,933
Long-term debt:								
Due in one year	45,667	\$ 7,842			374,413			427,922
Due in more than one year	29,000	25,560			2,900,266			2,954,826
Net pension liability					9,699,598			9,699,598
TOTAL LIABILITIES	<u>\$ 1,641,058</u>	<u>\$ 33,402</u>	<u>\$ 19,315</u>	<u>\$ 0</u>	<u>\$ 13,002,911</u>	<u>\$ 6,483</u>	<u>\$ 0</u>	<u>\$ 14,703,169</u>
DEFERRED INFLOW OF RESOURCES								
Unavailable revenue - summer school tuition	\$ 1,302							\$ 1,302
Related to Pensions					\$ 1,072,294			1,072,294
TOTAL DEFERRED INFLOW OF RESOURCES	<u>\$ 1,302</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,072,294</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,073,596</u>
NET POSITION								
Invested in capital assets, net of related debt					\$ 9,052,414			\$ 9,052,414
Net assets restricted for:								
Instructional Support		\$ 217,633						217,633
Expendable scholarships		48,489		\$ 72,174				120,663
Unrestricted	\$ 371,957		\$ 91,562		(9,703,561)			(9,240,042)
TOTAL NET POSITION	<u>\$ 371,957</u>	<u>\$ 266,122</u>	<u>\$ 91,562</u>	<u>\$ 72,174</u>	<u>\$ (651,147)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 150,668</u>

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, 2015

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Plant Fund	Eliminations	Consolidated Total
OPERATING REVENUES							
Tuition and fees	\$ 4,384,485					\$ 1,808,717	\$ 2,575,768
Federal grants and contracts	73,226			\$ 389,251			462,477
State and local grants and contracts				65,943			65,943
Intermediate School District rent	24,430						24,430
Sales and Services of Education Activities	22,056						22,056
Sales and Services of Auxiliary Enterprises		\$ 29,385	\$ 1,247,580			80,600	1,196,365
Current funds capital expenditures					\$ 366,450	366,450	
Other revenues	<u>38,279</u>	<u>2,526</u>	<u>111,497</u>	<u> </u>	<u> </u>	<u> </u>	<u>152,302</u>
TOTAL OPERATING REVENUES	\$ 4,542,476	\$ 31,911	\$ 1,359,077	\$ 455,194	\$ 366,450	\$ 2,255,767	\$ 4,499,341
OPERATING EXPENSES							
Instruction	\$ 4,901,704	\$ 116,277		\$ 33,040		\$ 139,339	\$ 4,911,682
Instruction support	891,214	100,484				4,082	987,616
Student services	1,544,805	37,638	\$ 816,926	2,401,959		1,841,726	2,959,602
Public service	279,104	19,794					298,898
Institutional administration	1,664,217	511,228		1,049		26,523	2,149,971
Operation and maintenance of plant	777,367	44,902				183,000	639,269
Independent operations		70,626	412,349			61,097	421,878
Depreciation and amortization expense, unallocated	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>767,545</u>	<u> </u>	<u>767,545</u>
TOTAL OPERATING EXPENSES	\$ 10,058,411	\$ 900,949	\$ 1,229,275	\$ 2,436,048	\$ 767,545	\$ 2,255,767	\$ 13,136,461
OPERATING INCOME (LOSS)	\$ (5,515,935)	\$ (869,038)	\$ 129,802	\$ (1,980,854)	\$ (401,095)	\$ 0	\$ (8,637,120)

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

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Plant Fund	Eliminations	Consolidated Total
NONOPERATING REVENUES (EXPENSES)							
State appropriation	\$ 4,788,807						\$ 4,788,807
Federal grants and contracts				\$ 1,886,328			1,886,328
Property tax levy	1,427,579						1,427,579
Gifts		\$ 69,995	\$ 21,975	76,552			168,522
Investment income	490	260	26		\$ 18		794
Interest on capital asset related debt					(155,468)		(155,468)
NET NONOPERATING REVENUES	<u>\$ 6,216,876</u>	<u>\$ 70,255</u>	<u>\$ 22,001</u>	<u>\$ 1,962,880</u>	<u>\$ (155,450)</u>	<u>\$ 0</u>	<u>\$ 8,116,562</u>
INCOME (LOSS) BEFORE TRANSFERS	\$ 700,941	\$ (798,783)	\$ 151,803	\$ (17,974)	\$ (556,545)	\$ 0	\$ (520,558)
TRANSFERS							
Transfers in (out)	<u>(1,005,392)</u>	<u>733,861</u>	<u>(150,141)</u>	<u>33,499</u>	<u>388,173</u>		
INCREASE (DECREASE) IN NET POSITION	\$ (304,451)	\$ (64,922)	\$ 1,662	\$ 15,525	\$ (168,372)	\$ 0	\$ (520,558)
NET POSITION - BEGINNING OF YEAR, AS PREVIOUSLY STATED							
Adoption of GASB Statements 68 & 71:							
Net Pension Liability					(10,312,209)		(10,312,209)
Deferred Outflows					559,936		559,936
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>\$ 676,408</u>	<u>\$ 331,044</u>	<u>\$ 89,900</u>	<u>\$ 56,649</u>	<u>\$ (482,775)</u>	<u>\$ 0</u>	<u>\$ 671,226</u>
NET POSITION - END OF YEAR	<u>\$ 371,957</u>	<u>\$ 266,122</u>	<u>\$ 91,562</u>	<u>\$ 72,174</u>	<u>\$ (651,147)</u>	<u>\$ 0</u>	<u>\$ 150,668</u>

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

CONSOLIDATING STATEMENT OF NET POSITION
COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

June 30, 2014

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Plant Fund	Agency Fund	Eliminations	Consolidated Total
ASSETS								
Cash and cash equivalents	\$ 616,370	\$ 250,447	\$ 27,949	\$ 13,852	\$ 63,022			\$ 971,640
Investments	40,250	72,204						112,454
State appropriation receivable	784,995							784,995
Property taxes receivable (net of \$4,110 allowance)	8,036							8,036
Other accounts receivable	529,607		32	54,736	46,065			630,440
Inventories	14,908	62,285	306,437					383,630
Prepaid expenses and other assets	131,691	80	829					132,600
Due from component unit		35,133						35,133
Due from (due to) other funds	133,463	(28,958)	(220,278)	(5,439)	113,136	\$ 8,076		
Bond discount					131,167			131,167
Less accumulated amortization					(50,337)			(50,337)
Capital assets					26,206,431			26,206,431
Less accumulated depreciation					(13,614,459)			(13,614,459)
TOTAL ASSETS	\$ 2,259,320	\$ 391,191	\$ 114,969	\$ 63,149	\$ 12,895,025	\$ 8,076	\$ 0	\$ 15,731,730

CONSOLIDATING STATEMENT OF NET POSITION (CONTINUED)

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Plant Fund	Agency Fund	Eliminations	Consolidated Total
LIABILITIES								
Accounts payable	\$ 116,826	\$ 12,657	\$ 11,269					\$ 140,752
Salaries, wages and related liabilities payable	502,206							502,206
Interest payable	11,546				\$ 29,881			41,427
Note payable	850,000							850,000
Due to depositors and other liabilities	10,750		13,800			\$ 8,076		32,626
Long-term debt:								
Due in one year	46,333	\$ 12,234			320,699			379,266
Due in more than one year	43,000	35,256			3,274,947			3,353,203
TOTAL LIABILITIES	\$ 1,580,661	\$ 60,147	\$ 25,069	\$ 0	\$ 3,625,527	\$ 8,076	\$ 0	\$ 5,299,480
DEFERRED INFLOW OF RESOURCES								
Unavailable revenue - Summer school tuition and state grants	\$ 2,251	\$ 0	\$ 0	\$ 6,500	\$ 0	\$ 0	\$ 0	\$ 8,751
NET POSITION								
Invested in capital assets, net of related debt					\$ 9,206,476			\$ 9,206,476
Net assets restricted for:								
Instructional Support		\$ 279,381						279,381
Expendable scholarships		51,663		\$ 56,649				108,312
Unrestricted	\$ 676,408		\$ 89,900		63,022			829,330
TOTAL NET POSITION	\$ 676,408	\$ 331,044	\$ 89,900	\$ 56,649	\$ 9,269,498	\$ 0	\$ 0	\$ 10,423,499

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, 2014

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Plant Fund	Eliminations	Consolidated Total
OPERATING REVENUES							
Tuition and fees	\$ 4,301,453					\$ 2,047,203	\$ 2,254,250
Federal grants and contracts	75,645			\$ 384,515			460,160
State and local grants and contracts				30,017			30,017
Intermediate School District rent	20,863						20,863
Sales and Services of Education Activities	25,443	\$ 30,000					55,443
Sales and Services of Auxiliary Enterprises		43,771	\$ 1,273,469			82,473	1,234,767
Current funds capital expenditures					\$ 320,656	320,656	
Other revenues	49,226	1,015	60,836				111,077
TOTAL OPERATING REVENUES	\$ 4,472,630	\$ 74,786	\$ 1,334,305	\$ 414,532	\$ 320,656	\$ 2,450,332	\$ 4,166,577
OPERATING EXPENSES							
Instruction	\$ 4,504,354	\$ 129,019		\$ 25,725		\$ 111,408	\$ 4,547,690
Instruction support	1,031,544	84,623		265		8,229	1,108,203
Student services	1,587,656	37,780	\$ 854,083	2,690,196		2,142,397	3,027,318
Public service	330,003	26,427					356,430
Institutional administration	1,490,926	377,498				112,124	1,756,300
Operation and maintenance of plant	750,378	128,822				128,822	750,378
Independent operations		17,155	409,942			13,717	413,380
Depreciation and amortization expense, unallocated					\$ 761,286		761,286
TOTAL OPERATING EXPENSES	\$ 9,694,861	\$ 801,324	\$ 1,264,025	\$ 2,716,186	\$ 761,286	\$ 2,516,697	\$ 12,720,985
OPERATING INCOME (LOSS)	\$ (5,222,231)	\$ (726,538)	\$ 70,280	\$ (2,301,654)	\$ (440,630)	\$ (66,365)	\$ (8,554,408)

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

	General Fund	Designated Fund	Auxiliary Enterprises Fund	Restricted Fund	Plant Fund	Eliminations	Consolidated Total
NONOPERATING REVENUES (EXPENSES)							
State appropriation	\$ 4,546,075						\$ 4,546,075
Federal grants and contracts				\$ 2,217,837			2,217,837
State and local grants and contracts					\$ 685,949		685,949
Property tax levy	1,452,245						1,452,245
Gifts		\$ 110,600	\$ 21,413	66,365		\$ 66,365	132,013
Investment income	400	463	23		12		898
Interest on capital asset related debt					(165,418)		(165,418)
NET NONOPERATING REVENUES	<u>\$ 5,998,720</u>	<u>\$ 111,063</u>	<u>\$ 21,436</u>	<u>\$ 2,284,202</u>	<u>\$ 520,543</u>	<u>\$ 66,365</u>	<u>\$ 8,869,599</u>
INCOME (LOSS) BEFORE TRANSFERS	\$ 776,489	\$ (615,475)	\$ 91,716	\$ (17,452)	\$ 79,913	\$ 0	\$ 315,191
TRANSFERS							
Transfers in (out)	<u>(1,037,366)</u>	<u>658,521</u>	<u>(126,195)</u>	<u>17,750</u>	<u>487,290</u>		
INCREASE (DECREASE) IN NET POSITION	\$ (260,877)	\$ 43,046	\$ (34,479)	\$ 298	\$ 567,203	\$ 0	\$ 315,191
NET POSITION - BEGINNING OF YEAR	<u>937,285</u>	<u>287,998</u>	<u>124,379</u>	<u>56,351</u>	<u>8,702,295</u>		<u>10,108,308</u>
NET POSITION - END OF YEAR	<u>\$ 676,408</u>	<u>\$ 331,044</u>	<u>\$ 89,900</u>	<u>\$ 56,649</u>	<u>\$ 9,269,498</u>	<u>\$ 0</u>	<u>\$ 10,423,499</u>

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,					Total	Total
	2015						
	Salaries	Fringe Benefits	Supplies and Expenses	Capital Outlay	Total		
Instruction:							
Fine and performing arts and humanities	\$ 100,352	\$ 36,751	\$ 432		\$ 137,535	\$	111,988
Communication	345,838	181,585	1,651		529,074		416,832
Social science	334,899	186,481	1,390		522,770		493,885
Mathematics	196,897	140,911	2,310		340,118		351,540
Sciences	458,955	184,132	18,590		661,677		542,447
Physical education	6,967	772	3,661		11,400		8,310
Health education	4,025	377	694		5,096		4,309
Business	189,056	155,622	13,686		358,364		352,646
Computer science and data processing	182,185	83,526	15,172		280,883		255,561
Secretarial and office	66,843	40,106	3,649		110,598		102,127
Public service	79,591	29,185	273		109,049		108,723
Media production and related technologies	7,426	2,953	207		10,586		26,598
Personal service trades related technologies	87,082	57,633	20,672		165,387		153,484
Agriculture and Forestry	34,992	7,081	3,466		45,539		40,110
Design technologies	99,247	65,332	14,217		178,796		136,015
Mechanical trades and mechanical service technologies	167,694	111,266	91,375		370,335		325,398
Construction trade technologies	71,036	48,141	2,198		121,375		118,113
Electrical trades							2,736
Transportation and equipment operation	28,878	20,524	22,573		71,975		76,307
Nursing	438,211	212,187	83,016		733,414		714,285
Other health related technologies	58,486	25,969	11,584		96,039		91,514
Traditional classroom	96				96		163
Learning labs/self-paced instruction	14,083	3,459			17,542		47,810
Human Development	14,575	4,291	1,392		20,258		19,735
Personal interest	2,652	1,146			3,798		3,718
Total Instruction	\$ 2,990,066	\$ 1,599,430	\$ 312,208	\$ 0	\$ 4,901,704	\$	4,504,354
Instructional Support:							
Library services	\$ 48,139	\$ 27,211	\$ 13,783	\$ 15,203	104,336	\$	125,365
Education media services	47,899	27,211	25,796		100,906		114,788
Instructional administration and support	404,117	191,744	74,487		670,348		720,205
Instructional facility rental			15,624		15,624		71,186
Total Instructional Support	\$ 500,155	\$ 246,166	\$ 129,690	\$ 15,203	\$ 891,214	\$	1,031,544

DETAILS OF GENERAL FUND EXPENSES (CONTINUED)

	Year ended June 30,					2014
	2015				Total	
	Salaries	Fringe Benefits	Supplies and Expenses	Capital Outlay		
Student Services:						
Student service administration	\$ 213,267	\$ 126,142	\$ 28,489		\$ 367,898	\$ 385,479
Social and cultural development	7,062	2,250	21,784		31,096	33,707
Counseling and guidance and special student services	71,682	50,711	3,544		125,937	222,204
Financial aid and placement	140,028	86,846	114,215		341,089	334,559
Auxiliary	39,278	15,062	7,794		62,134	58,626
Intercollegiate athletics	46,803	18,430	122,992		188,225	168,941
Student recruitment, admissions and records	146,433	100,790	181,203		428,426	384,140
Total Student Services	\$ 664,553	\$ 400,231	\$ 480,021	\$ 0	\$ 1,544,805	\$ 1,587,656
Public Service	121,486	39,449	118,169		279,104	330,003
Institutional Administration:						
Executive management	\$ 207,995	\$ 114,466	\$ 252,143		\$ 574,604	\$ 544,213
Public Relations			15,793		15,793	17,942
General administration and instructional services	491,309	291,674	290,837		1,073,820	928,771
Total Institutional Administration	\$ 699,304	\$ 406,140	\$ 558,773	\$ 0	\$ 1,664,217	\$ 1,490,926
Physical Plant Operations:						
Physical plant administration			\$ 2,550		\$ 2,550	\$ 4,222
Building and grounds maintenance and repairs	\$ 47,858	\$ 27,103	138,102		213,063	241,720
Custodial services	162,589	90,697	108,827		362,113	323,852
Energy services			154,199		154,199	143,852
Health and Safety Services	23,547	14,429	7,466		45,442	36,732
Total Physical Plant Operations	\$ 233,994	\$ 132,229	\$ 411,144	\$ 0	\$ 777,367	\$ 750,378
TOTALS	\$ 5,209,558	\$ 2,823,645	\$ 2,010,005	\$ 15,203	\$ 10,058,411	\$ 9,694,861

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

DETAILS OF AUXILIARY ACTIVITIES FUND
COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY
Year ended June 30, 2015

	Net Position July 1, 2014	Revenues			Expenses			Revenues Over (Under) Expenses	Net Transfers In (Out)	Net Position June 30, 2015
		Sales and Services	Other	Total	Salaries and Fringe Benefits	Supplies and Expenses	Total			
Food operations		\$ 52,052	\$ 3,200	\$ 55,252	\$ 32,714	\$ 41,106	\$ 73,820	\$ (18,568)	\$ 18,568	
Student facilities:										
Bookstore	\$ 40,000	\$ 447,281	\$ 6,570	\$ 453,851	\$ 77,708	\$ 357,184	\$ 434,892	\$ 18,959	\$ (25,510)	\$ 33,449
Residential Housing	47,109	357,512	6,603	364,115	55,338	85,891	141,229	222,886	(211,882)	58,113
Lindquist Student Center		<u>138,742</u>	<u>20,567</u>	<u>159,309</u>	<u>53,897</u>	<u>113,088</u>	<u>166,985</u>	<u>(7,676)</u>	<u>7,676</u>	
	\$ 87,109	\$ 943,535	\$ 33,740	\$ 977,275	\$ 186,943	\$ 556,163	\$ 743,106	\$ 234,169	\$ (229,716)	\$ 91,562
Independent operations:										
Porcupine Mountain Mt. Zion	\$ 2,791	\$ 171,710	\$ 92,131	\$ 263,841	\$ 113,828	\$ 152,804	\$ 266,632	\$ (2,791)		\$ 0
		<u>80,283</u>	<u>4,427</u>	<u>84,710</u>	<u>92,095</u>	<u>53,622</u>	<u>145,717</u>	<u>(61,007)</u>	\$ 61,007	
	<u>\$ 2,791</u>	<u>\$ 251,993</u>	<u>\$ 96,558</u>	<u>\$ 348,551</u>	<u>\$ 205,923</u>	<u>\$ 206,426</u>	<u>\$ 412,349</u>	<u>\$ (63,798)</u>	<u>\$ 61,007</u>	<u>\$ 0</u>
TOTALS	<u>\$ 89,900</u>	<u>\$ 1,247,580</u>	<u>\$ 133,498</u>	<u>\$ 1,381,078</u>	<u>\$ 425,580</u>	<u>\$ 803,695</u>	<u>\$ 1,229,275</u>	<u>\$ 151,803</u>	<u>\$ (150,141)</u>	<u>\$ 91,562</u>

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

DETAILS OF AUXILIARY ACTIVITIES FUND
COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Year ended June 30, 2014

	Net Position July 1, 2013	Revenues			Expenses			Revenues Over (Under) Expenses	Net Transfers In (Out)	Net Position June 30, 2014
		Sales and Services	Other	Total	Salaries and Fringe Benefits	Supplies and Expenses	Total			
Food operations		\$ 41,380	\$ 1,599	\$ 42,979	\$ 32,898	\$ 35,013	\$ 67,911	\$ (24,932)	\$ 24,932	
Student facilities:										
Bookstore	\$ 40,000	\$ 491,984	\$ 6,058	\$ 498,042	\$ 78,163	\$ 393,670	\$ 471,833	\$ 26,209	\$ (26,209)	\$ 40,000
Residential housing	59,753	341,680	10,123	351,803	54,016	98,538	152,554	199,249	(211,893)	47,109
Lindquist Student Center	<u>22,837</u>	<u>115,361</u>	<u>20,396</u>	<u>135,757</u>	<u>62,172</u>	<u>99,613</u>	<u>161,785</u>	<u>(26,028)</u>	<u>3,191</u>	
	\$ 122,590	\$ 949,025	\$ 36,577	\$ 985,602	\$ 194,351	\$ 591,821	\$ 786,172	\$ 199,430	\$ (234,911)	\$ 87,109
Independent operations:										
Porcupine Mountain	\$ 1,789	\$ 185,720	\$ 38,621	\$ 224,341	\$ 100,790	\$ 122,549	\$ 223,339	\$ 1,002		\$ 2,791
Mt. Zion		<u>97,344</u>	<u>5,475</u>	<u>102,819</u>	<u>100,071</u>	<u>86,532</u>	<u>186,603</u>	<u>(83,784)</u>	<u>\$ 83,784</u>	
	<u>\$ 1,789</u>	<u>\$ 283,064</u>	<u>\$ 44,096</u>	<u>\$ 327,160</u>	<u>\$ 200,861</u>	<u>\$ 209,081</u>	<u>\$ 409,942</u>	<u>\$ (82,782)</u>	<u>\$ 83,784</u>	<u>\$ 2,791</u>
TOTALS	<u>\$ 124,379</u>	<u>\$ 1,273,469</u>	<u>\$ 82,272</u>	<u>\$ 1,355,741</u>	<u>\$ 428,110</u>	<u>\$ 835,915</u>	<u>\$ 1,264,025</u>	<u>\$ 91,716</u>	<u>\$ (126,195)</u>	<u>\$ 89,900</u>

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>U. S. Department of Education</u>			
Direct from the U.S. Treasury:			
Student Financial Assistance Programs Cluster: *			
PELL:			
Grant (2014-2015)	P063P141633	84.063	\$ 1,886,328
Grant (2013-2014)	P063P131633	84.063	2,218,810
Supplemental Education Opportunity:			
Grant (2014-2015) (Note 6)	P007A142008	84.007	30,675
Grant (2013-2014) (Note 6)	P007A132008	84.007	28,878
College Work-Study Program:			
Grant (2014-2015) (Notes 6)	P033A142008	84.033	58,605
Grant (2013-2014) (Notes 6)	P033A132008	84.033	58,605
Federal Direct Student Loans:			
Student Loans (2014-2015)	P268K151633	84.268	1,939,562
Student Loans (2013-2014)	P268K141633	84.268	<u>2,082,821</u>
Total Student Financial Assistance Programs Cluster			\$ 8,304,284
TRIO Cluster - Student Support Services Grants:		84.042A	
(9/1/14 to 8/31/15) (Note 7)	P042A100343-14		\$ 247,580
(9/1/13 to 8/31/14) (Note 8)	P042A100343-13		<u>234,632</u>
Total TRIO Cluster			<u>\$ 482,212</u>
Total Direct From the U.S. Treasury			\$ 8,786,496

OF FEDERAL AWARDS

OF GOGEBIC COUNTY

June 30, 2015

(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2014	Adjustments	Current Year Cash Receipts	Current Year Expenditures	Accrued (Deferred/A/P) Revenue June 30, 2015
			\$ 1,873,781	\$ 1,886,328	\$ 12,547
\$ 2,217,837	\$ 25,029		25,029		
		\$ (6,725)	22,825	37,400	14,575
35,850	2,204	(6,972)	2,204		
		10,696	45,596	47,909	2,313
49,744	1,659	8,861	1,659		
			1,919,936	1,939,562	19,626
<u>2,082,821</u>	<u>11,074</u>		<u>11,074</u>		
\$ 4,386,252	\$ 39,966	\$ 5,860	\$ 3,902,104	\$ 3,911,199	\$ 49,061
		\$ 27,878	\$ 157,437	\$ 219,702	\$ 62,265
<u>\$ 223,098</u>	<u>\$ 5,150</u>	<u>(17,786)</u>	<u>34,470</u>	<u>29,320</u>	
<u>\$ 223,098</u>	<u>\$ 5,150</u>	<u>\$ 10,092</u>	<u>\$ 191,907</u>	<u>\$ 249,022</u>	<u>\$ 62,265</u>
\$ 4,609,350	\$ 45,116	\$ 15,952	\$ 4,094,011	\$ 4,160,221	\$ 111,326

SCHEDULE OF EXPENDITURES

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:			
Carl D. Perkins Voc Ed Grants:		84.048A	
Local Annual (2015-2016)	15351015216		\$ 81,201
Local Annual (2013-2014) (Note 8)	14351014216		70,818
Local Leadership (2014-2015)	15325015256		18,400
Local Leadership (2013-2014)	14325014256		18,400
CAP Leadership Grants:			
(8/1/13-6/30/14)	14367014246		6,250
(8/1/13-6/30/14) (Note 8)	143670142462		11,000
(8/11/14-6/30/15) (Note 8)	153670152406		3,125
(8/11/14-6/30/15)	153670152406-2		9,500
(8/11/14-6/30/15) (Note 8)	153670152406-2-2		<u>9,041</u>
Total Passed Through Michigan Department of Education			\$ <u>227,735</u>
TOTAL FEDERAL AWARDS			\$ <u><u>9,014,231</u></u>

The accompanying notes are an integral part of this schedule.

OF FEDERAL AWARDS (CONTINUED)

(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue July 1, 2014	Adjustments	Current Year Cash Receipts	Current Year Expenditures	Accrued (Deferred/A/P) Revenue June 30, 2015
\$ 70,798	\$ 5,778	\$ 20	\$ 71,435	\$ 81,201	\$ 9,766
18,400	3,400		5,778	18,400	3,700
6,250	250		14,700		
10,748	4,644	252	3,400		
		1	250		
			4,644		
			3,124	3,124	
			5,000	9,500	4,500
		37	5,810	9,004	3,194
<u>\$ 106,196</u>	<u>\$ 14,072</u>	<u>\$ 310</u>	<u>\$ 114,141</u>	<u>\$ 121,229</u>	<u>\$ 21,160</u>
<u>\$ 4,715,546</u>	<u>\$ 59,188</u>	<u>\$ 16,262</u>	<u>\$ 4,208,152</u>	<u>\$ 4,281,450</u>	<u>\$ 132,486</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Community College District of Gogebic County under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Community College District of Gogebic County, it is not intended to and does not present the financial position or changes in net position of Community College District of Gogebic County.
2. Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for States, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.
3. * Designates a Major Program for Single Audit purposes.
4. The Student Financial Assistance Programs cluster was considered to be a Type A program (over \$300,000). All other programs were considered Type B. The Student Financial Assistance Programs cluster was selected as the major program under the 25% coverage rule for a low-risk auditee.
5. 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.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED):

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

	<u>Supplemental Education</u> <u>Opportunity Grant</u>		<u>College Work-</u> <u>Study Program</u>	
	<u>Year ended June 30,</u>		<u>Year ended June 30,</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Amount of award	\$ 30,675	\$ 28,878	\$ 58,605	\$ 58,605
Carry from (to) prior year			\$ 1,889	
Carry from (to) subsequent year			(5,860)	\$ (1,889)
Transfer Work-Study to SEOG	<u>\$ 6,725</u>	<u>\$ 6,972</u>	<u>(6,725)</u>	<u>(6,972)</u>
Adjustment	<u>\$ 6,725</u>	<u>\$ 6,972</u>	<u>\$ (10,696)</u>	<u>\$ (8,861)</u>
Current year expenditures	<u>\$ 37,400</u>	<u>\$ 35,850</u>	<u>\$ 47,909</u>	<u>\$ 49,744</u>
Expenditures consist of the following:				
SEOG awards	\$ 37,400	\$ 35,850		
Federal share of on-campus wages			\$ 43,847	\$ 45,668
Administrative expenses	_____	_____	<u>4,062</u>	<u>4,076</u>
	<u>\$ 37,400</u>	<u>\$ 35,850</u>	<u>\$ 47,909</u>	<u>\$ 49,744</u>

7. The unused award will be spent in the College's next fiscal year.
8. The Department of Education approved the unexpended grant awards from the September 1, 2012 to August 31, 2013 period to be spent in the September 1, 2013 to August 31, 2014 period.
9. The total federal grants and contracts revenue shown in the financial statements differs from the amount in this schedule by the \$6,917 administrative allowance for the Pell student financial aid program and the \$1,939,562 Federal Direct Student Loan Program loans not reported in the financial statements.

SUPPLEMENTAL
REPORTS

MAKELA, POLLACK & AHONEN, P.L.L.C.
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IRONWOOD, MICHIGAN 49938-2027

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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, 2015, 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 4, 2015.

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 over financial reporting 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 financial reporting 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 of 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 result 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, Pollock + Ahonen, PLLC

Certified Public Accountants

Ironwood, Michigan
November 4, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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* 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Makela, Pollack + Ahonen, PLLC

Certified Public Accountants

Ironwood, Michigan
November 4, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
COMMUNITY COLLEGE DISTRICT OF GOGEBIC COUNTY

Year ended June 30, 2015

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 No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	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: \$300,000

Auditee qualified as low-risk auditee? 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, 2015

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.