Grand Rapids Community College

Financial Report
with Supplemental Information
June 30, 2022

Grand Rapids Community College

Contents

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Independent Auditor's Report

To the Board of Trustees
Grand Rapids Community College

Report on the Audits of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

To the Board of Trustees
Grand Rapids Community College

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplemental Information

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

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 17, 2022

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

Using this Report

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

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

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

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

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

Statement of Net Position

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

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

Statement of Financial Position at June 30 (in thousands)			
	2022	2021	2020
Assets			
Current assets	$ 55,298	$ 58,891	$ 41,762
Noncurrent assets:			
Capital assets - Net of depreciation	188,744	177,525	159,665
Investments and other long-term assets	55,114	44,359	42,943
Total assets	299,156	280,775	244,370
Deferred Outflow of Resources	33,255	49,558	59,495
Liabilities			
Current liabilities	26,620	28,530	29,573
Noncurrent liabilities:			
Long-term debt	24,563	28,313	30,683
Net OPEB liability	7,717	27,671	37,760
Net pension liability	123,004	181,000	179,249
Total liabilities	181,904	265,514	277,265
Deferred Inflow of Resources	85,556	38,602	37,462
Net Position			
Net investment in capital assets	164,969	150,355	129,469
Unrestricted (deficit)	(100,018)	(124,138)	(140,331)
Total net position	**$ 64,951**	**$ 26,217**	**$ (10,862)**

Current assets are comprised primarily of cash and cash equivalents, which total $43.7, $37.9, and $34.0 million for 2022, 2021, and 2020, respectively. The fluctuation is due to year-to-year timing differences. These funds will be used primarily for operating purposes and, accordingly, are invested to provide liquidity. Receivables resulting from tuition and fees, student loans, and federal, state, and local grants and appropriations ($11.1, $20.6, and $7.4 million for 2022, 2021, and 2020, respectively) represent the majority of the remainder of current assets. Changes in these amounts are due largely to changes in enrollment levels as well as the timing of actual receipts from grantors and students relative to recognition of revenue or, in the case of grant programs, funds expended for allowable grant purposes. The decrease in current assets from 2021 to 2022 resulted primarily from the receivable related to Higher Education Emergency Relief Fund (HEERF) grants.

Noncurrent assets primarily represent investments with long-term maturity dates, college investments not needed to meet current cash flow obligations and/or designated for future capital projects, as well as the College's investment in its capital assets, net of accumulated depreciation.

Current liabilities are comprised primarily of employee compensation and vendor payments, representing 45 percent, 46 percent, and 48 percent of current liabilities for 2022, 2021, and 2020, respectively. The individual dollar amounts will fluctuate from year to year based on timing of payments to contractors and vendors, timing of pay dates, and the remittance of retirement payments to Michigan Public School Employees' Retirement System (MPSERS). Bond, capital lease, and interest payments due in November and May of the subsequent fiscal year accounted for another 18 percent, 20 percent, and 23 percent of current liabilities for 2022, 2021, and 2020, respectively. Student tuition and fee revenue for the portion of the summer session occurring after June 30 of the applicable fiscal year represents the balance of current liabilities.

Noncurrent liabilities include future payments (beyond June 30, 2022) on capital bond debt and leases referenced above, as well as accruals for employee leaves based on current contract parameters and retirement guidelines established by the State of Michigan that are not expected to be paid in the next year. These liabilities decreased from $30.7 million in 2020 to $28.3 million in 2021 to $24.6 million due in 2022 to the scheduled retirement of bond debt and capital lease obligations.

In 2015, the College adopted a new Governmental Accounting Standards Board (GASB) Statement No. 68, which requires governments providing defined pension benefits through a cost-sharing plan to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. In 2018, the College adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which requires governments providing other postemployment benefit (OPEB) plans to recognize their unfunded OPEB obligation as a liability for the first time. In accordance with these statements, the College has reported net pension liability of $123.0 million at June 30, 2022, $181.0 million at June 30, 2021, and $179.2 million at June 30, 2020 and a net OPEB liability of $7.7 million at June 30, 2022, $27.7 million at June 30, 2021 and $37.8 million at June 30, 2020. In accordance with the statement, the College is also required to report deferred outflows and deferred inflows. Deferred outflows are $33.3 million at June 30, 2022, $49.6 million at June 30, 2021 and $59.5 million as of June 30, 2020. Deferred inflows are $85.6 million at June 30, 2022, $38.6 million at June 30, 2021 and $37.5 million as of June 30, 2020.

Statement of Revenue, Expenses, and Changes in Net Position

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

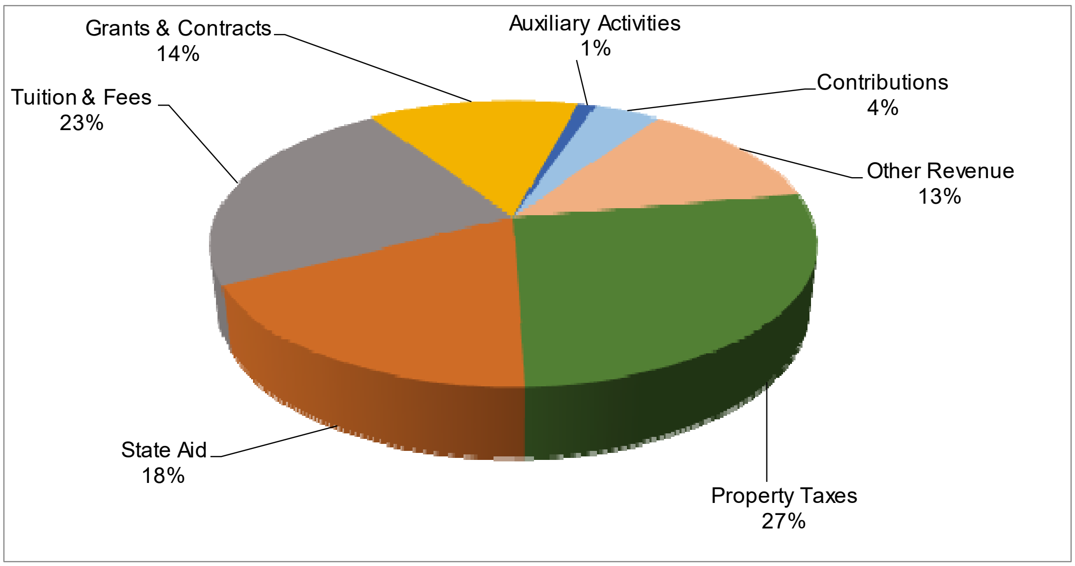
The following are the major components of the College's revenue and expenses (in thousands) for the years ended June 30:

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

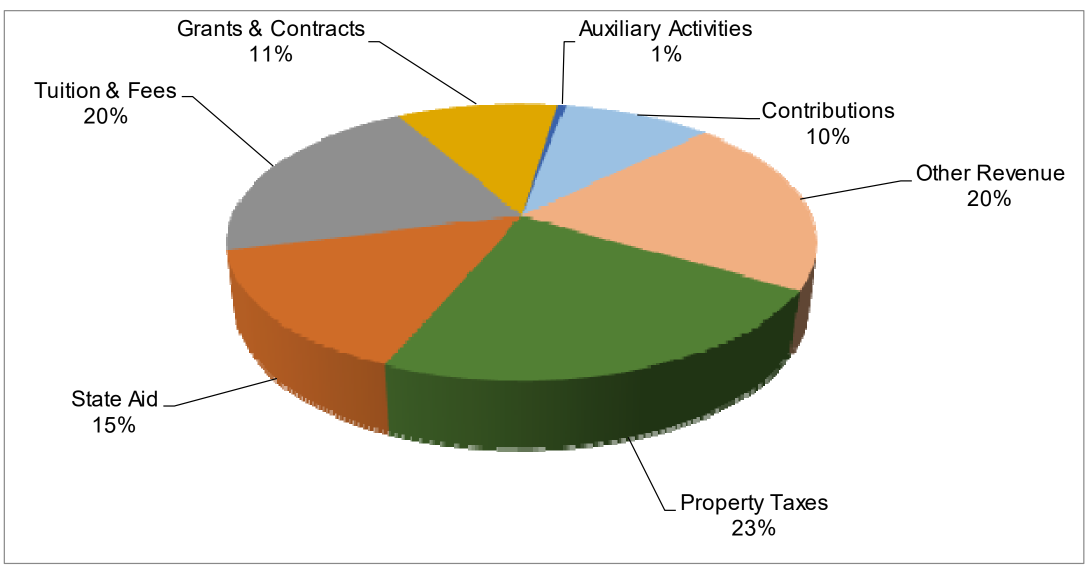
	2022	2021	2020
Operating Revenue			
Tuition and fees - Net	$ 39,102	$ 39,741	$ 37,808
Grants and contracts	9,016	7,855	8,275
Sales and services of auxiliary activities	1,921	964	3,055
Other sources	4,244	4,088	4,540
Total operating revenue	54,283	52,648	53,678
Operating Expenses			
Instruction	43,149	51,256	53,365
Information Technology	8,799	9,414	8,474
Public service	6,717	5,616	6,937
Instructional support	10,608	13,226	13,895
Student services	20,156	37,518	22,381
Institutional administration	11,909	13,868	13,804
Physical plant operations	18,013	18,032	13,855
Depreciation	7,537	6,807	7,088
Total operating expenses	126,888	155,737	139,799
Operating Loss	(72,605)	(103,089)	(86,121)
Nonoperating Revenue (Expenses) and Other Revenue			
State appropriations	30,638	28,674	26,817
Property taxes	46,000	44,629	42,605
Federal Pell grant	13,662	12,802	15,662
Investment income (loss)	(2,796)	9	3,025
Interest expense on bonds	(481)	(668)	(1,330)
Higher Education Emergency Relief Funds and Coronavirus Relief Funds	15,158	33,816	2,417
Capital Contributions	7,085	18,855	3,500
Other revenue	2,073	2,051	2,060
Net nonoperating and other revenue	111,339	140,168	94,756
Increase in Net Position	38,734	37,079	8,635
Net Position - Beginning of year	26,217	(10,862)	(19,497)
Net Position - End of year	**$ 64,951**	**$ 26,217**	**$ (10,862)**

College revenue is derived from four primary sources: property taxes, student tuition and fees, grants and contracts, and state appropriations. The following graphs show the percentage of revenue from the component sources less investment income (loss) for the years ended June 30, 2022 and 2021:

Revenue Sources – 2022



Revenue Sources – 2021



Property tax revenue (28 percent, 23 percent, and 29 percent of revenue for 2022, 2021, and 2020, respectively) reflects changes in taxable values in the Kent Intermediate School District (the tax base for the College). The College is authorized to levy 1.9 mills, which the board of trustees has allocated to support operating expenditures (1.5 mills) and capital expenditures and debt retirement (.4 mills). However, the cumulative impact of the Headlee Rollback has reduced the effective levy to 1.7307 for 2022, 1.7472 for 2021, and 1.7606 for 2020.

Student tuition and fees (24 percent, 20 percent, and 25 percent for 2022, 2021, and 2020, respectively) are driven by enrollment and board-approved tuition and fee adjustments. With limited increases in state aid and property tax revenue, the College found it necessary to continue annual tuition increases in 2020, thus placing an ever increasing share of the responsibility for funding the institution on students. However, larger increases in property tax revenue in 2021 and 2022 allowed the College to minimize the impact on tuition increases to students. Billing units in 2022 increased by approximately 2 percent from the previous year. We believe this is largely due to greater employment opportunities for students, as well as to generally smaller high school graduating classes and the effect of the pandemic. Net student tuition and fees reflects a scholarship allowance of approximately $9.5 million, $9.3 million, and $10.1 million for 2022, 2021, and 2020, respectively. This offset to tuition reflects funds the College receives, primarily through federal and state grants, which are applied to student tuition bills and are shown in the financial statements as federal and state grant revenue.

Grants and contracts (14 percent, 11 percent, and 16 percent for 2022, 2021, and 2020, respectively) are primarily federal and state funding for financial aid programs. In addition, the College receives federal and state funding for economic job development grant programs, employment services, and training to work programs, among others.

Included in other revenue to assist with the economic impact of the pandemic, the College spent Higher Education Emergency Relief Fund (HEERF) Grant funds of $1.0 million, $17.1 million, and $1.8 million in emergency grants to students and $14.2 million, $14.7 million, and $600,000 in institutional support during 2022, 2021, and 2020, respectively. Additionally, the College spent $2.1 million of Coronavirus Relief Fund (CRF) grant funds during 2021.

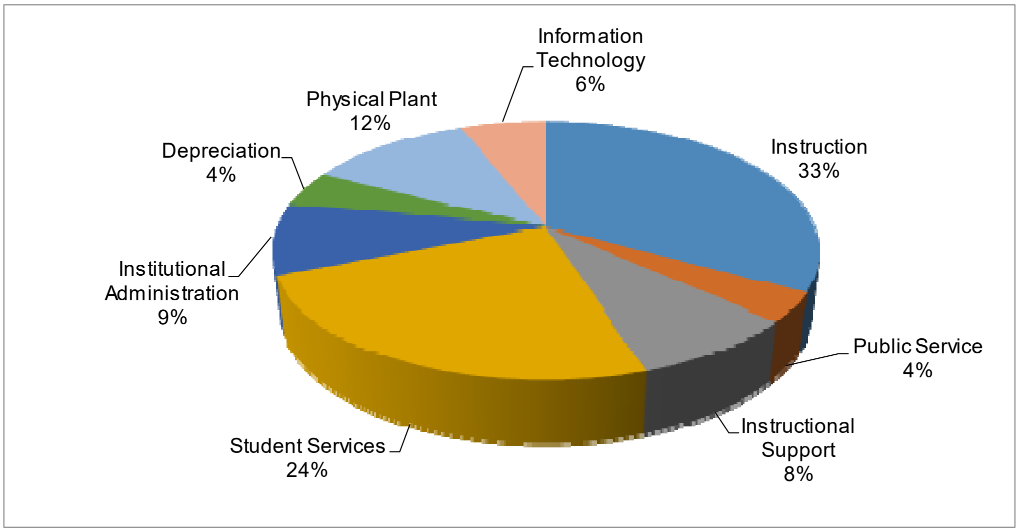
State appropriations (18 percent for 2022, 15 percent for 2021, and 18 percent for 2020, respectively) remained consistent along with the MPSERS UAAL subsidy that is remitted back to the State. In addition, approximately $2.2 million, $2.0 million, and $1.8M in personal property tax reimbursement was also allocated to state appropriations in 2022, 2021, and 2020, respectively.

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

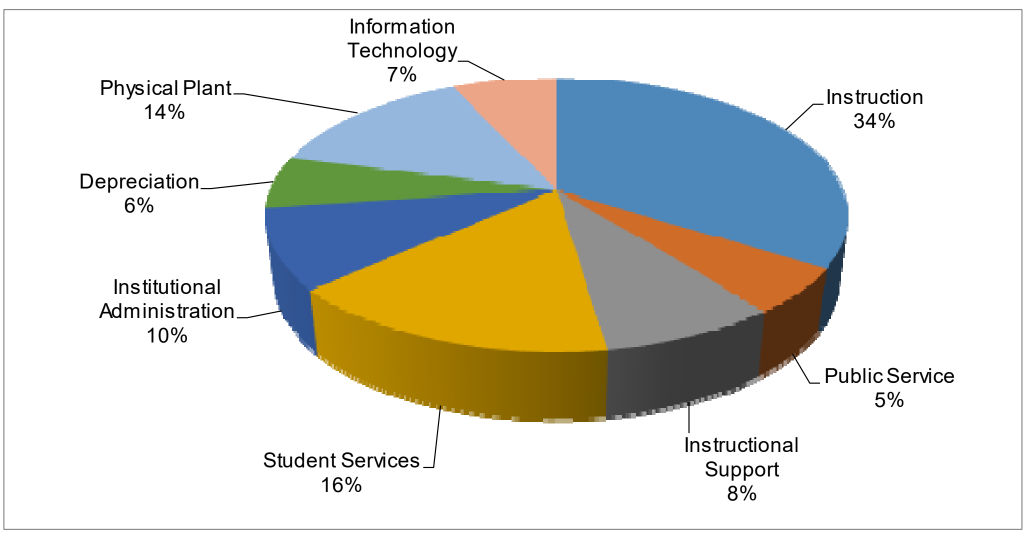
- Auxiliary activities, which include the College's parking ramps, food service, bookstore, media services, and printing operations. The day-to-day operations of the parking ramps, bookstore, and food service are managed by external providers through a variety of rental and management agreements.
- Seminars and workshops. Customized training programs for business and industry are offered through the College's Training Solutions/Job Training unit.
- Rental of college facilities.
- Contributions to the College, primarily from the Foundation for scholarships, facility improvements, and faculty/staff professional development.
- Interest and investment income. There were unrealized (losses) gains in the investment portfolios of approximately $(3,332,000), $(1,108,000), and $794,000 in 2022, 2021, and 2020, respectively. However, since the College's practice is to hold investments until maturity, it is unlikely that any of the losses or gains will be realized.

Operating expenses are reported using functional classifications. For the years ended June 30, 2022 and 2021, the following shows the breakdown of operating expenses:

Operating Expenses – 2022



Operating Expenses – 2021



The College expends the largest percentage (34 percent in 2022, 33 percent in 2021, and 38 percent in 2020) of its available operating dollars on instruction. Expenditures for instruction include all costs required to provide direct instruction in the classroom such as faculty salaries and fringe benefits, classroom supplies, printing supplies, and instructional equipment. Contractual compensation adjustments, fringe benefit cost increases, and equipment and technology upgrades, as well as the number of class sections delivered, all impact instructional costs. Because this expense category consists primarily of salaries, wages, and fringe benefits, it can be the most sensitive to year-to-year fluctuations in these costs. In addition, the percentage decreased due to large increase in student services expenditures.

Student services expenditures (16 percent in 2022, 24 percent in 2021, and 16 percent in 2020) include support services for students such as counseling, academic advising, financial aid, registrar's, and job placement. Also included are other ancillary costs associated with operating a comprehensive community college such as athletics, student clubs and organizations, and auxiliary activities. The percentage increase in 2021 is the result of HEERF student grant awards.

Instructional support (8 percent in 2022, 8 percent in 2021, and 10 percent in 2020) includes the costs of the academic support structure for the delivery of instruction. Expenditures in this area include the provost and deans, departmental support, instructional technology support, and the library operations.

Institutional administration (10 percent in 2022, 9 percent in 2021, and 10 percent in 2020) includes expenditures for the president's office, research and planning, and financial and business services functions.

Physical plant operations (14 percent in 2022, 12 percent in 2021, and 10 percent in 2020) and depreciation (6 percent in 2022, 4 percent in 2021, and 5 percent in 2020) reflect the cost of operating and maintaining the College's physical environment and the safety of students, staff, and visitors to the campus.

Public service expenditures (5 percent in 2022, 4 percent in 2021, and 5 percent in 2020) include activities that make available to the public unique resources for the specific purpose of responding to a community need or solving a community problem.

Information technology expenditures (7 percent in 2022 and 6 percent 2021, and 2020) include all costs associated with providing software, hardware, network, and infrastructure for the instructional and administrative computing needs of the College. The increase is reflective of the ongoing cost of providing current technology and information security to support college operations.

Statement of Cash Flows

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

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

The College's liquidity increased during the year. Highlights from the College's cash flow for the years ended 2022, 2021, and 2020 include:

- Cash used in operating activities totaled $103.5 million in 2022 ($112.1 million in 2021 and $67.8 million in 2020) with the most significant use of cash flow being in the form of payments related to employee compensation and fringe benefits of $99.3 million ($97.3 million in 2021 and $95.8 million in 2020). Payments to vendors ($26.5 million in 2022, $26.6 million in 2021, and $17.6 million in 2020) and for building utilities ($4.1 million in 2022, $4.0 million in 2021, and $3.4 million in 2020) also represent use of cash for operations. These operating uses of cash, including payments to students for scholarships and grants ($34.5 million in 2022, $45.9 million in 2021, and $16.4 million in 2020), were offset by cash provided by operations from tuition and fees collected of $48.2 million ($48.4 million in 2021 and $48.9 million in 2020), federal, state, and local grants and contracts collected of $9.0 million ($7.9 million in 2021 and $8.3 million in 2020), auxiliary sales of $0.6 million ($1.4 million in 2021 and $3.6 million in 2020), and other cash collections of $4.2 million ($4.1 million in 2021 and $4.5 million in 2020) primarily from rentals, seminars, and workshops.

- Noncapital financing activities provided $105.3 million ($107.5 million in 2021 and $91.0 million in 2020) in cash flow for the College, the most significant sources being local property taxes collected of $46.0 million ($44.6 million in 2021 and $42.6 million in 2020), federal Pell grants for students of $13.7 million ($12.8 million in 2021 and $15.7 million in 2020), federal Higher Education Emergency Relief funds of $15.2 in 2022, $23.7 million in 2021 and $2.4 million in 2020, and state appropriations of $30.5 million ($26.3 million in 2021 and $26.8 million in 2020). Gifts and contributions account for the remainder of cash provided by noncapital financing activities.

- The College used approximately $15.5 million in cash in 2022 ($7.5 million in 2021 and 23.9 million in 2020) of cash from capital and related financing activities. Receipt of capital contributions provided $7.1 million in 2022 and $18.9 million in 2021 (none in 2020). Purchase of capital assets used $18.8 million ($22.7 million in 2021 and $18.4 million in 2020). Principal paid on capital debt and leases of $3.4 million ($3.0 million 2021 and $4.1 million in 2020) and interest paid on debt and capital leases of $.48 million ($0.68 million in 2021 and $1.3 million in 2020) accounted for the remainder of the use of cash from capital and related financing activities in 2022.

- Investing activities received $19.5 million of cash in 2022 (compared to receiving $16.0 million in 2021 and receiving $7.7 million in 2020). This variation reflects investing activity in the College's operating and bond portfolios to match maturities with payroll dates, student refund periods, debt payments, construction schedules, and other cash needs. Interest on investments provided $0.54 million in cash (compared to $1.1 million in 2021 and $2.2 million in 2020), reflecting slightly higher interest rates and smaller average balances in lower-earning sweep accounts.

Capital Assets and Debt Administration

At June 30, 2022, 2021, and 2020, the College had $188.7, $177.5, and $159.7 million invested in capital assets, net of accumulated depreciation of approximately $138.9, $131.4, and $126.6, million, respectively. Depreciation charges were $7.5, $6.8, and $7.1 million in 2022, 2021, and 2020, respectively.

Capital expenditures in 2022 included the completion of the renovation of the Lakeshore Campus and Finkelstein Hall. Other projects included HVAC upgrades, ongoing deferred maintenance, campus safety and security enhancements, the Secchia Piazza and equipment and technology replacements and upgrades.

In 2021, capital asset additions totaled $39.4 million, of which $21.0 million was for current construction in progress that includes significant renovations to Finkelstein Hall and the Lakeshore Campus. The remaining $18.4 million includes the renovation of the Applied Technology Center and Mable Engle Hall and various purchases of instructional equipment and furniture, library resources, vehicle replacements, technology expenditures, and minor deferred maintenance projects.

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

At June 30, 2022, the College had $181.9 million in long-term obligations outstanding ($265.5 million in 2021 and $277.3 million in 2020), which includes a net pension liability of $123.0 million ($180.0 million in 2021 and $179.2 million in 2020) and a net OPEB liability of $7.7 million ($27.7 million in 2021 and $37.8 in 2020) (see Note 10). Capital debt and lease obligations totaled $24.6 million ($28.3 million in 2021 and $30.1 million in 2020). As an objective indication of its financial stability, the College's debt is rated AA (Standard & Poor's) and Aa1 (Moody's). The Standard & Poor's rating was reaffirmed in fiscal year 2022. Annual bond payment obligations are met by the .4 mill property tax allocation authorized by the board of trustees.

The fortunes of the local economy will also impact the College in the future. Property tax revenue is dependent on home sales, assessed values, new construction, and commercial development. For 2022, we've budgeted for an increase of 4.5 percent, despite a Headlee Rollback resulting in a reduction from 1.7307 mills to 1.7085 mills. With the improving home sales and new construction, we are optimistic that this trend will continue.

Enrollment levels, which have declined for several years, are being watched closely. With an uncertain economy, enrollment levels are being closely analyzed, as community college enrollment in Michigan has historically run counter-cyclical to the State's economy. Other colleges have experienced similar enrollment reductions. However, since student tuition and fees now provide nearly 50 percent of General Fund revenue, the potential impact on the College's operating budget is significant.

As noted earlier, the College has been working diligently to address deferred maintenance and renovation needs. We desire to not only keep our students and staff "warm, safe, and dry," but to also provide them with state-of-the-art learning environments and technology resources. Private donations have provided funding for improvements to nearly every building on campus along with the purchase and renovation of a new building strategically located to serve the Ottawa County residents.

Now in its second century, the administration and board of trustees are of the opinion that, in spite of some critical challenges, the College is positioned to meet the needs of its students and the community during the current year and has established a financial foundation to carry the College into the future. The College remains committed to the ideals of 'open door' access and 'student success'. With a dedicated staff, board of trustees, and the support of the community, Grand Rapids Community College will continue to strive to be 'distinctive' in all that it does in 2023 and beyond.

Impact of the COVID 19 Pandemic

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

State aid funding makes up approximately 18% of the College's operating revenues. This revenue is received in eleven equal payments beginning in October and running monthly through the following August. Payments received in July and August are accrued back to the prior (in this case 2021-22) fiscal year. The 2019-20 state revenue allocation was reduced by 11% or $2.1 million. The College was provided with dollar for dollar replacement of the lost revenue through federal Coronavirus Relief Funds (CRF). The College has used HEERF and CRF funds totaling $15.2 million in 2022, $33.8 million in 2021 and $2.4 million in 2020 to disburse grant awards to students based on need and to also fund expenses related to the pandemic as well as replace lost revenues.

The College will close the 2021-22 fiscal year adding more than $2.9 million to general fund equity. The enrollment decline was more than offset by HEERF funding as well as reductions in expense related to vacant positions, and a general lack of spending on supplies and materials, travel, professional development, and other costs due to the pandemic.

The College has adopted a balanced budget for the 2022-23 fiscal year. The College has used HEERF funds to plan and provide a safe and socially distanced learning environment for the Fall 2022 semester based on student demand. The 2022-23 budget includes flat enrollment projections as well as rising property tax revenues. The College closed the prior fiscal year with a fund equity of over 20% and a budget stabilization reserve of an additional $1.9 million that could be used to offset any additional losses.

Grand Rapids Community College

Statement of Net Position

	June 30 2022	June 30 2021
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 43,691,885	$ 37,914,667
Accounts receivable - Net (Note 6)	11,124,384	20,607,649
Prepaid expenses and other current assets	481,228	368,995
Total current assets	55,297,497	58,891,311
Noncurrent assets:		
Accounts receivable - Net (Note 6)	47,911	25,658
Long-term investments (Note 3)	55,023,774	44,257,185
Unamortized bond discount	42,989	76,129
Capital assets - Net (Note 7)	188,743,603	177,525,310
Total noncurrent assets	243,858,277	221,884,282
Total assets	299,155,774	280,775,593
Deferred Outflow of Resources (Note 10)	33,254,827	49,557,633
Liabilities		
Current liabilities:		
Accounts payable	3,008,889	5,220,167
Accrued salaries and related amounts	8,907,411	8,564,881
Unearned revenue	9,580,465	9,288,491
Interest payable	83,121	213,321
Long-term obligations - Current (Note 8)	4,591,756	4,846,888
Deposits held in custody for others	447,960	396,667
Total current liabilities	26,619,602	28,530,415
Noncurrent liabilities:		
Long-term obligations - Net of current portion (Note 8)	24,562,887	28,312,691
Net OPEB liability (Note 10)	7,717,606	27,670,604
Net pension liability (Note 10)	123,004,056	181,000,242
Total liabilities	181,904,151	265,513,952
Deferred Inflow of Resources (Note 10)	85,555,826	38,602,008
Net Position		
Net investment in capital assets	164,968,600	150,355,310
Unrestricted deficit	(100,017,976)	(124,138,044)
Total net position	**$ 64,950,624**	**$ 26,217,266**

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

Grand Rapids Community College

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30 2022	Year Ended June 30 2021
Operating Revenue		
Tuition and fees - Net of scholarship allowance of $9,465,147 and $9,264,749 for 2022 and 2021, respectively	$ 39,101,777	$ 39,740,946
Federal grants and contracts	5,283,627	4,508,554
State grants and contracts	2,317,571	2,142,740
Private gifts, grants, and contracts	1,413,718	1,204,148
Sales and services of auxiliary activities	1,921,443	963,915
Seminars, workshops, and other revenue	4,244,462	4,087,566
Total operating revenue	54,282,598	52,647,869
Operating Expenses		
Instruction	43,149,046	51,256,051
Information technology	8,799,098	9,413,654
Public service	6,717,441	5,616,246
Instructional support	10,608,347	13,226,307
Student services	20,155,570	37,518,493
Institutional administration	11,908,541	13,867,486
Physical plant operations	18,012,505	18,032,161
Depreciation	7,537,414	6,806,907
Total operating expenses	126,887,962	155,737,305
Operating Loss	(72,605,364)	(103,089,436)
Nonoperating Revenue (Expenses)		
State appropriations	30,637,680	28,673,733
Property taxes	46,000,557	44,629,135
Pell revenue	13,661,721	12,802,011
Interest income	535,680	1,117,031
Interest expense on bonds	(481,520)	(667,760)
Unrealized loss on investments	(3,332,465)	(1,108,092)
Higher Education Emergency Relief Funds and Coronavirus Relief Funds	15,158,457	33,816,441
Other revenue	2,073,007	2,050,723
Net nonoperating revenue	104,253,117	121,313,222
Income - Before other revenue	31,647,753	18,223,786
Other Revenue - Capital contributions	7,085,605	18,855,461
Increase in Net Position	38,733,358	37,079,247
Net Position - Beginning of year	26,217,266	(10,861,981)
Net Position - End of year	**$ 64,950,624**	**$ 26,217,266**

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

Grand Rapids Community College

Statement of Cash Flows

	Year Ended June 30	
	2022	2021
Cash Flows from Operating Activities		
Tuition and fees	$ 48,209,982	$ 48,384,994
Grants and contracts	9,014,916	7,855,442
Payments to suppliers	(26,482,819)	(26,612,217)
Payments for utilities	(4,065,489)	(3,976,549)
Payments to employees	(62,588,212)	(60,796,377)
Payments for benefits	(36,760,132)	(36,530,346)
Payments for scholarships and grants	(34,486,800)	(45,873,865)
Auxiliary enterprise charges - Net	(587,059)	1,359,766
Federal direct lending receipts	8,274,105	9,298,313
Federal direct lending disbursements	(8,274,105)	(9,298,313)
Other	4,244,462	4,087,566
Net cash used in operating activities	(103,501,151)	(112,101,586)
Cash Flows from Noncapital Financing Activities		
Local property taxes	46,000,557	44,629,135
Federal Pell grant	13,661,721	12,802,011
Higher Education Emergency Relief Funds	15,158,457	23,741,812
State appropriations	30,498,591	26,301,923
Net cash provided by noncapital financing activities	105,319,326	107,474,881
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(18,755,764)	(22,706,989)
Capital Contributions	7,085,605	18,855,461
Principal paid on long-term obligations including capital debt	(3,395,000)	(2,986,900)
Interest paid on capital debt	(481,520)	(667,760)
Net cash used in capital and related financing activities	(15,546,679)	(7,506,188)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	55,062,493	54,908,355
Purchase of investments	(36,092,451)	(40,001,251)
Interest on investments	535,680	1,117,031
Net cash provided by investing activities	19,505,722	16,024,135
Net Increase in Cash and Cash Equivalents	5,777,218	3,891,242
Cash and Cash Equivalents - Beginning of year	37,914,667	34,023,425
Cash and Cash Equivalents - End of year	**$ 43,691,885**	**$ 37,914,667**

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

Statement of Cash Flows (Continued)

	Year Ended June 30	
	2022	2021
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (72,605,364)	$ (103,089,436)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	7,537,414	6,806,907
Change in assets and liabilities:		
Accounts receivable	11,055,059	(4,143,230)
Other assets	(112,233)	76,463
Accounts payable and accrued liabilities	(1,868,748)	(4,684,327)
Unearned revenue	(130,200)	1,242,325
Deposits held in custody for others	51,293	15,821
Interest payable	(130,200)	12,724
Net OPEB liability	(14,976,151)	(10,089,991)
Net pension liability	(32,322,021)	1,751,158
Net cash used in operating activities	**$ (103,501,151)**	**$ (112,101,586)**

There were no noncash activities during 2022 or 2021.

Discretely Presented Component Unit
Grand Rapids Community College Foundation

Statement of Financial Position

	June 30	
	2022	2021
Assets		
Cash and cash equivalents	$ 3,210,117	$ 4,578,042
Other current assets	80,085	76,566
Long-term investments	31,633,274	38,205,264
Contribution receivable - Net (Note 5)	2,155,537	3,760,693
Total assets	**$ 37,079,013**	**$ 46,620,565**
Liabilities - Scholarships payable and related amounts	$ 2,915,800	$ 4,611,371
Net Assets		
Without donor restrictions	8,494,809	8,242,127
With donor restrictions	25,668,404	33,767,067
Total net assets	34,163,213	42,009,194
Total liabilities and net assets	**$ 37,079,013**	**$ 46,620,565**

Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2022	2021
Revenue		
Investment income (loss)	$ (6,189,764)	$ 8,490,682
Contributions from the College	309,276	297,230
Contributions	8,139,219	6,256,266
Total revenue	2,258,731	15,044,178
Expenses		
Scholarships and grants expense	9,322,462	15,818,708
General and administrative	322,212	315,608
Fundraising	460,038	382,735
Total expenditures	10,104,712	16,517,051
Change in Net Assets	(7,845,981)	(1,472,873)
Net Assets - Beginning of year	42,009,194	43,482,067
Net Assets - End of year	**$ 34,163,213**	**$ 42,009,194**

Note 1 - Industry Information and Significant Accounting Policies

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

The College reports as a business-type activity, as defined by GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

The Grand Rapids Community College Foundation (the “Foundation”), a not-for-profit corporation, was formed to solicit, collect, and invest donations made for the promotion of educational activities and capital campaigns at the College. In accordance with the GASB, the Foundation is discretely presented in the College’s financial statements because of the significance of the resources provided to the College and the Foundation provides services entirely for the benefit of the College. Separate financial statements of the Foundation may be obtained by contacting Grand Rapids Community College, 143 Bostwick Avenue, NE, Grand Rapids, Michigan 49503.

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

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

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

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

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

Revenue Recognition - The College generally follows the revenue recognition methods set forth from Governmental Accounting Standards Board (GASB). Property taxes are recorded as revenue in the year taxes are levied. Under this method, revenue for fiscal year 2022 includes property taxes that were levied on July 1, 2021 and generally collected before September 30, 2021, and revenue for fiscal year 2021 includes property taxes that were levied on July 1, 2020 and generally collected before September 30, 2020. State appropriations are recorded as revenue in the period for which they are appropriated. Reductions to state appropriations are recorded in the College's fiscal year in which the changes are approved by the state legislature.

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

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

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

Accounts Receivable - Accounts receivable resulting from government and state grants, state appropriations, and student tuition consists of operating revenue recognized, but not received, as of June 30, 2022 and 2021. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal student payment periods. In addition, a general valuation allowance is established for other student accounts receivable based on historical loss experience.

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

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

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

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

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

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

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

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

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

During the years ended June 30, 2022 and 2021, the College distributed $8,274,105 and $9,298,313, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures in the accompanying financial statements.

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

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

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

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

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

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

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

Note 2 - Property Taxes

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

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

During the years ended June 30, 2022 and 2021, $1.7307 and $1.7472, respectively, of tax per $1,000 of taxable property value in the College's taxing district was levied for general operating purposes on all property. Total operating property tax revenue was $46,000,557 and $44,629,135 for the years ended June 30, 2022 and 2021, respectively.

Note 3 - Cash and Investments

The College considers all highly liquid investments with a maturity of 12 months or less when purchased to be cash equivalents. The College's deposits and investments are included on the statement of net position under the following classifications at June 30, 2022 and 2021:

	2022	2021
Cash and cash equivalents	$ 43,691,885	$ 37,914,667
Long-term investments	55,023,774	44,257,185
Total cash and investments	$ 98,715,659	$ 82,171,852

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

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

Interest Rate Risk - The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The College does invest in accordance with state law.

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

Note 3 - Cash and Investments (Continued)

As of June 30, 2022, the College had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Cash and money market accounts	$ 35,361,713	$ 35,361,713	$ -	$ -
Bonds and notes	7,360,795	929,875	5,013,881	1,417,039
U.S. agency securities	55,993,151	7,400,297	26,338,269	22,254,585
Total	$ 98,715,659	$ 43,691,885	$ 31,352,150	$ 23,671,624

As of June 30, 2021, the College had the following investments and maturities:

	Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Cash and money market accounts	$ 35,978,889	$ 35,978,889	$ -	$ -
Bonds and notes	6,448,322	291,266	3,970,688	2,186,368
U.S. agency securities	39,744,641	1,644,512	19,010,446	19,089,683
Total	$ 82,171,852	$ 37,914,667	$ 22,981,134	$ 21,276,051

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

At June 30, 2022 and 2021, the College's investments (notes and bonds) subject to credit risk (interest rate fluctuations and related ratings consisted of the following:

	June 30, 2022 S&P Quality Rating				
	AAA	AA+	AA	Not Rated	Total
Bonds and Notes	$ 6,563,078	$ -	$ 445,300	$ 352,417	$ 7,360,795
U.S. Agency Securities	-	55,993,151	-	-	55,993,151
Total	$ 6,563,078	$ 55,993,151	$ 445,300	$ 352,417	$ 63,353,946

	June 30, 2021 S&P Quality Rating				
	AAA	AA+	AA	Not Rated	Total
Bonds and Notes	$ 5,604,413	$ -	$ 472,450	$ 371,459	$ 6,448,322
U.S. Agency Securities	-	39,744,641	-	-	39,744,641
Total	$ 5,604,413	$ 39,744,641	$ 472,450	$ 371,459	$ 46,192,963

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

Note 3 - Cash and Investments (Continued)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be available or returned. The College does not have a deposit policy for custodial credit risk. At June 30, 2022 and 2021, the carrying amount of the College's deposits was $6,470,841 and $6,814,588, respectively. Of that amount, $500,000 and $250,000 for 2022 and 2021, respectively, was insured by the Federal Deposit Insurance Corporation. The remaining $5,970,841 and $6,564,588 at June 30, 2022 and 2021, respectively, was uninsured and uncollateralized. The College does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

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

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

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

Issuer	2022	2021
PNC Bank	6%	8%
Michigan Liquid Asset Fund - Money Markets	28%	33%
United States Agencies and Treasuries	57%	48%

Investments at Grand Rapids Community College Foundation are as follows:

	June 30, 2022		June 30, 2021	
	Cost	Fair Value	Cost	Fair Value
Bonds	$ 10,205,526	$ 9,622,378	$ 9,984,482	$ 10,362,333
Common stock	15,619,018	22,010,896	14,714,614	27,842,931
Total	$ 25,824,544	$ 31,633,274	$ 24,699,096	$ 38,205,264

Note 3 - Cash and Investments (Continued)

Net gains (losses) from security transactions for the Foundation for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Unrealized (depreciation) appreciation	$ (7,697,438)	$ 7,515,026
Realized gains	788,696	1,014,473
Total	$ (6,908,742)	$ 8,529,499

Total investment gains and losses on the statement of activities and changes in net assets for the Grand Rapids Community College Foundation are comprised of interest and dividend income of $981,759 at June 30, 2022 and $199,931 at June 30, 2021 plus realized and unrealized gains from above less investment fees of $262,781 at June 30, 2022 and $238,748 at June 30, 2021.

Note 4 - Fair Value Measurements

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

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

The College has the following recurring fair value measurements as of June 30, 2022 and 2021:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Agency Securities	$ 55,993,151	$ -	$ 55,993,151	$ -
Bonds and Notes	7,360,795	-	7,360,795	-
Total investments by fair value level	$ 63,353,946	$ -	$ 63,353,946	$ -

Note 4 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Agency Securities	$ 39,744,641	$ -	$ 39,744,641	$ -
Bonds and Notes	6,448,322	-	6,448,322	-
Total investments by fair value level	$ 46,192,963	$ -	$ 46,192,963	$ -

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

The Foundation common stock is valued using Level 1 inputs, while the bonds are valued using Level 2 inputs.

Note 5 - Foundation Contributions Receivable

Foundation contributions receivable consist of unconditional promises to give. The present value of contributions receivable is calculated using a discount rate of 2.99 percent and 0.46 percent for the years ended June 30, 2022 and 2021, respectively, and is expected to be collected as follows:

Years		2022	2021
2022		$ -	$ 2,048,025
2023		1,440,975	1,173,600
2024		567,486	361,127
2025		200,575	200,000
	Total	2,209,036	3,782,752
	Less discount to present value	(53,499)	(22,059)
	Net present value	$ 2,155,537	$ 3,760,693

Note 6 - Accounts Receivable

Accounts receivable consist of the following:

	2022	2021
Tuition and other	$ 3,833,690	$ 3,574,484
Grants and contracts	2,888,892	12,845,935
State appropriations - Operating	5,138,475	4,999,386
Total accounts receivable	11,861,057	21,419,805
Less allowance for uncollectibles	(688,762)	(786,498)
Net accounts receivable	$ 11,172,295	$ 20,633,307

Note 6 - Accounts Receivable (Continued)

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

Note 7 - Capital Assets

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

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Land and improvements	$ 7,043,534	$ -	$ -	$ 7,043,534
Building and building improvements	241,722,942	27,542,781	-	269,265,723
Furniture, fixtures, and equipment	39,200,781	3,335,399	(61,049)	42,475,131
Subtotal - Depreciable assets	287,967,257	30,878,180	(61,049)	318,784,388
Construction in progress	20,972,180	8,849,764	(20,972,180)	8,849,764
Total	308,939,437	39,727,944	(21,033,229)	327,634,152
Less accumulated depreciation:				
Building and building improvements	(99,102,250)	(5,792,443)	-	(104,894,693)
Furniture, fixtures, and equipment	(32,311,877)	(1,744,971)	60,992	(33,995,856)
Total accumulated depreciation	(131,414,127)	(7,537,414)	60,992	(138,890,549)
Capital assets - Net	$ 177,525,310			$ 188,743,603

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

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Land and improvements	$ 7,043,534	$ -	$ -	$ 7,043,534
Building and building improvements	229,655,100	15,844,842	(3,777,000)	241,722,942
Furniture, fixtures, and equipment	36,793,963	2,542,552	(135,734)	39,200,781
Subtotal - Depreciable assets	273,492,597	18,387,394	(3,912,734)	287,967,257
Construction in progress	12,739,851	20,972,180	(12,739,851)	20,972,180
Total	286,232,448	39,359,574	(16,652,585)	308,939,437
Less accumulated depreciation:				
Building and building improvements	(95,956,355)	(5,034,395)	1,888,500	(99,102,250)
Furniture, fixtures, and equipment	(30,610,665)	(1,772,512)	71,300	(32,311,877)
Total accumulated depreciation	(126,567,020)	(6,806,907)	1,959,800	(131,414,127)
Capital assets - Net	$ 159,665,428			$ 177,525,310

At June 30, 2022, there was approximately $1.3 million in constuction commitments outstanding in connection with ongoing capital projects.

Note 8 - Long-term Obligations

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2020 series	$ 18,285,000	$ -	$ -	$ 18,285,000	$ 1,755,000
Series bonds, 2019 series	5,940,000	-	655,000	5,285,000	680,000
Series bonds, 2018 series	1,275,000	-	1,275,000	-	-
Series bonds, 2013 series	365,000	-	365,000	-	-
Series bonds, 2012 series (Facilities)	900,000	-	900,000	-	-
Series bonds, 2012 series	405,000	-	200,000	205,000	205,000
Other Long-term Liabilities					
Unamortized bond premium	783,429	-	179,606	603,823	91,692
Accrued employee leave	5,150,491	1,805,054	2,305,384	4,650,161	1,860,064
Michigan job training grants	55,659	80,000	10,000	125,659	-
Total	$ 33,159,579	$ 1,885,054	$ 5,889,990	$ 29,154,643	$ 4,591,756

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

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Series bonds, 2020 series	$ -	$ 18,285,000	$ -	$ 18,285,000	$ -
Series bonds, 2019 series	6,575,000	-	635,000	5,940,000	655,000
Series bonds, 2018 series	2,585,000	-	1,310,000	1,275,000	1,275,000
Series bonds, 2013 series	895,000	-	530,000	365,000	365,000
Series bonds, 2012 series (Facilities)	18,635,000	-	17,735,000	900,000	200,000
Series bonds, 2012 series	910,000	-	505,000	405,000	200,000
Leases Payable -					
Capital leases	6,900	-	6,900	-	-
Other Long-term Liabilities					
Unamortized bond premium	2,125,258	-	1,341,829	783,429	91,692
Accrued employee leave	5,086,090	2,507,599	2,443,198	5,150,491	2,060,196
Michigan job training grants	309,940	10,000	264,281	55,659	-
Total	$ 37,128,188	$ 20,802,599	$ 24,771,208	$ 33,159,579	$ 4,846,888

Series Bonds, 2020 Refunding - The College issued $18,285,000 in general obligation bonds (2020 Series Bonds) with an average interest rate of 1.44 percent. The 2020 Series Bonds were issued to refund $16,810,000 outstanding of 2012 Series Facilities Bonds with an average interest rate of 3.39 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2012 Series Facilities Bonds. As a result, the 2012 Series Facilities Bonds are considered to be defeased, $16,810,000 in liability for the bonds has been removed from the statement of net position, and the transaction has been treated as a noncash financing activity in the statement of cash flows. Defeased debt that remains on the 2012 Series Facilities Bonds was $16,155,000 at June 30, 2022. The principal and interest on the 2020 Series Bonds are paid primarily from property tax levies. The bonds bear interest ranging from .42 percent to 1.90 percent and have remaining annual maturities ranging from $1,755,000 to $1,940,000. The bonds mature in 2032.

Note 8 - Long-term Obligations (Continued)

Series Bonds, 2019 Refunding - The College issued $7,080,000 in general obligation bonds (2019 Series Bonds) with an average interest rate of 2.57 percent. The 2019 Series Bonds were issued to refund $7,850,000 outstanding of 2009 Series Bonds with an average interest rate of 3.88 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2009 Series Bonds. As a result, the 2009 Series Bonds are considered to be defeased, $7,850,000 in liability for the bonds has been removed from the statement of net position, and the transaction has been treated as a noncash financing activity in the statement of cash flows. Defeased debt that remains on the 2009 Series Bonds was $5,775,000 at June 30, 2022. The principal and interest on the 2019 Series Bonds are paid primarily from property tax levies. The bonds bear interest ranging from 5.99 percent to 6.50 percent and have remaining annual maturities ranging from $750,000 to $900,000. The bonds mature in 2029.

Series Bonds, 2018 Refunding - The College issued $5,305,000 in general obligation bonds (2018 Series Bonds) with an average interest rate of 2.26 percent. The 2018 Series Bonds were issued to refund $5,260,000 outstanding of 2008 Series Bonds with an average interest rate of 5.0 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2008 Series Bonds. As a result, the 2008 Series Bonds are considered to be defeased, $5,260,000 in liability for the bonds has been removed from the statement of net position, and the transaction has been treated as a noncash financing activity in the statement of cash flows. The principal and interest on the 2018 Series Bonds are paid primarily from property tax levies. The bonds matured in 2022.

Series Bonds, 2013 - The College issued $4,830,000 in general obligation bonds (2013 Series Bonds) with an average interest rate of 2.16 percent. The 2013 Series Bonds were issued to refund $4,915,000 outstanding of 2003 Series Bonds with an average interest rate of 5.27 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2003 Series Bonds. As a result, the 2003 Series Bonds are considered to be defeased, and the liability for the bonds has been removed from the statement of net position. The principal and interest on the 2013 Series Bonds are paid primarily from property tax levies. The bonds matured in 2022.

Series Bonds, 2012 (Facilities) - The College issued $26,645,000 in general obligation limited tax bonds (2012 Series Bonds) with an average interest rate of 3.39 percent. The funds are being used for renovating, refurnishing, and re-equipping existing college facilities, acquiring and installing enhanced technology and technology infrastructure, and purchasing or expanding building and other facilities. The principal and interest on the 2012 Series Bonds are paid from a facilities maintenance fee assessed to students based on contact hour enrolled. The bonds matured in 2022.

Note 8 - Long-term Obligations (Continued)

Series Bonds, 2012 Refunding - The College issued $4,365,000 in general obligation bonds (2012 Series Bonds) with an average interest rate of 3.79 percent. The 2012 Series Bonds were issued to refund $4,400,000 of the $10,195,000 outstanding of 2003 Series Bonds with an average interest rate of 4.81 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2003 Series Bonds. As a result, the 2003 Series Bonds are considered to be partially defeased, and $4,400,000 in liability for the bonds has been removed from the statement of net position. Defeased debt that remains on the 2003 Series Bonds was $235,000 at June 30, 2022. The principal and interest on the 2012 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates of 3.75 percent and have remaining annual maturities of $205,000. The bonds mature in 2023.

Total principal and interest maturities on the bonds payable as of June 30, 2022 are as follows:

Years Ending June 30	Debt Obligations Principal	Interest	Total
2023	$ 2,640,000	$ 492,332	$ 3,132,332
2024	2,460,000	451,372	2,911,372
2025	2,500,000	405,672	2,905,672
2026	2,535,000	355,401	2,890,401
2027	2,585,000	298,712	2,883,712
2028-2032	11,055,000	622,288	11,677,288
Total	$ 23,775,000	$ 2,625,777	$ 26,400,777

Cash Paid for Interest - Cash paid for interest was approximately $482,000 and $668,000 for the years ended June 30, 2022 and 2021, respectively.

Michigan Job Training Grants - During 2010, the College became involved in the Michigan New Jobs Training Program. The Michigan New Jobs Training Program was created by State of Michigan Public Acts 359 and 360 of 2008 and provides the ability for community college districts to enter into agreements with employers to (1) provide education and training to workers in order to create new jobs and (2) to establish a funding mechanism to pay for the education and training. In connection with this program, the College has entered into agreements with various local employers for the purpose of establishing projects to educate and train certain persons employed in new jobs. The local employers prepay training costs to the College and the College subsequently issues noninterest-bearing revenue bonds payable to the employers equal to the prepayments. The employer remits state income tax withholdings for these new employees directly to the College. The College then remits these withholdings back to the employer on a quarterly basis to reimburse the company for the costs of training, thus reducing bonds payable. As of June 30, 2022 and 2021, the College has outstanding bonds payable to various employers of $125,659 and $55,659, respectively. The bonds mature at various dates through 2030.

Note 8 - Long-term Obligations (Continued)

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

Note 9 - Defined Contribution (Optional) Retirement Plan

The College has established an Optional Retirement Plan (ORP) in addition to the Michigan Public School Employees' Retirement System (MPSERS) plan as required by state law. Eligible employees may elect to participate in the MPSERS plan or join the ORP. Eligible employees are defined as full-time faculty and professional staff. Participants are immediately vested in the ORP, which requires an employer and employee contribution of 12.00 percent and 3.00 percent, respectively. In general, a participant may request payment of benefits at any time after total disability, termination of employment, or age 65 unless deferred until age 70½. College contributions to the ORP were approximately $1,586,000 and $1,638,000 for the years ended June 30, 2022 and 2021, respectively.

Note 10 - Michigan Public School Employees' Retirement System

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

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment healthcare plans. That report is available on the web at http://www.michigan.gov/orsschools.

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

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

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

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

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

The range of rates is as follows:

	Pension	OPEB
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

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

The College's required and actual pension contributions to the plan for the years ended June 30, 2022 and 2021 were $16,817,314 and $16,105,867, respectively, which include the College's contributions required for those members with a defined contribution benefit. The College's required and actual pension contributions include an allocation of $7,569,759 and $7,043,747 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the years ended June 30, 2022 and 2021, respectively.

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

The College's required and actual OPEB contributions to the plan for the years ended June 30, 2022 and 2021 were $3,966,387 and $4,017,758, respectively, which include the College's contributions required for those members with a defined contribution benefit.

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

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

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

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

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

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

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

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

Net Pension Liability - At June 30, 2022 and 2021, the College reported a liability of $123,004,056 and $181,000,241, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021 and 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2020 and 2019, which used updated procedures to roll forward the estimated liability to September 30, 2021 and 2020. 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, 2021, 2020, and 2019 the College's proportion was 0.5195, 0.5269, and 0.54127 percent, respectively, representing a change of (1.4044) and (2.6549) percent, respectively.

Net OPEB Liability - At June 30, 2022 and 2021, the College reported a liability of $7,717,606 and $27,670,604, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2021 and 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2020 and 2019, which used updated procedures to roll forward the estimated liability to September 30, 2021 and 2020. The College's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021, 2020, and 2019 the College's proportion was 0.5056, 0.5165, and 0.52608, percent, respectively, representing a change of (2.1104) and (1.81962) percent, respectively.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the years ended 2022 and 2021, the College recognized pension expense of $9,962,199 and $22,624,793, respectively, inclusive of payments to fund the MPSERS UAAL stabilization rate.

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

At June 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 7,753,736	$ -
Differences between expected and actual experience	1,905,386	(724,348)
Net difference between projected and actual earnings on pension plan assets	-	(39,545,409)
Changes in proportion and differences between college contributions and proportionate share of contributions	-	(6,052,551)
College contributions subsequent to the measurement date	14,355,555	-
Total	$ 24,014,677	$ (46,322,308)

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 20,056,572	$ -
Differences between expected and actual experience	2,765,535	(386,318)
Net difference between projected and actual earnings on pension plan assets	760,482	-
Changes in proportion and differences between college contributions and proportionate share of contributions	-	(7,494,746)
College contributions subsequent to the measurement date	13,725,179	-
Total	$ 37,307,768	$ (7,881,064)

The $7,569,759 and $7,043,747 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Section 201(5) of the State School Aid Act (PA 94 of 1979), is recognized as state appropriations revenue for the years ended June 30, 2022 and 2021, respectively. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2023	$ (6,328,197)
2024	(8,880,460)
2025	(10,544,509)
2026	(10,910,020)
Total	$ (36,663,186)

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

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

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

For the year ended June 30, 2022 and 2021, the College recognized OPEB recovery of $5,329,630 and $1,652,256, respectively.

At June 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 6,451,536	$ (965,391)
Differences between expected and actual experience	-	(22,029,357)
Net difference between projected and actual earnings on OPEB plan assets	-	(5,816,899)
Changes in proportion and differences between college contributions and proportionate share of contributions	45,339	(2,852,112)
College contributions subsequent to the measurement date	2,743,275	-
Total	$ 9,240,150	$ (31,663,759)

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 9,123,548	$ -
Differences between expected and actual experience	-	(20,617,186)
Net difference between projected and actual earnings on OPEB plan assets	230,942	-
Changes in proportion and differences between college contributions and proportionate share of contributions	28,761	(3,060,011)
College contributions subsequent to the measurement date	2,866,614	-
Total	$ 12,249,865	$ (23,677,197)

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

Years Ending June 30	Amount
2023	$ (6,832,888)
2024	(6,189,568)
2025	(5,408,102)
2026	(4,808,724)
2027	(1,704,034)
Thereafter	(223,568)
Total	$ (25,166,884)

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

Actuarial Assumptions - The total pension liability and total OPEB liability as of September 30, 2021 and 2020 based on the results of an actuarial valuation as of September 30, 2020 and 2019 and rolled forward. The total pension liability was determined using the following actuarial assumptions for both valuations:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return – OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Healthcare cost trend rate	5.25 - 7.75%	Year 1 graded to 3.5% Year 15, 3.0% year 12
Mortality basis	Retirees & Active	RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Cost of living pension adjustments	3.00%	Annual non-compounded for MIP members

Assumption changes as a result of an experience study for the periods 2012 to 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation.

Significant assumption changes since the prior measurement date, September 30, 2020, for the OPEB plan include an increase in the health care cost trend rate of 0.75 percentage points for members under 65 and a reduction from 7.0 percent to 5.25 percent for members over 65. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2020.

Significant assumption changes since the measurement date, September 30, 2021, for both the pension and OPEB plan include a reduction of both plans' discount rates to 6.0 percent. The change increases the total plans net pension liability by approximately $8.1 billion and the total plan's net OPEB liability by approximately $1.1 billion.

Discount Rate - The discount rate used to measure the total pension liability was 6.00 to 6.50 percent as of September 30, 2021 and 2020, depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that College contributions will be made at statutorily required rates.

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

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

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

	June 30, 2022		June 30, 2021	
Investment Category	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	25.0%	5.4%	25.0%	5.6%
Private Equity Pools	16.0%	9.1%	16.0%	9.3%
International Equity Pools	15.0%	7.5%	15.0%	7.4%
Fixed Income Pools	10.5%	-0.7%	10.5%	0.5%
Real Estate and Infrastructure Pools	10.0%	5.4%	10.0%	4.9%
Absolute Return Pools	9.0%	2.6%	9.0%	3.2%
Real Return / Opportunistic Pools	12.5%	6.1%	12.5%	6.6%
Short-term Investment Pools	2.0%	-1.3%	2.0%	-0.1%
Total	100.0%		100.0%	

Long-term rates of return are net of administrative expense and inflation of 2.0 percent.

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

2022		
1.00 Percent Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1.00 Percent Increase (7.00 - 7.80%)
$ 175,862,443	$ 123,004,056	$ 79,180,988

2021		
1.00 Percent Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1.00 Percent Increase (7.00 - 7.80%)
$ 234,274,107	$ 181,000,242	$ 136,848,080

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

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

2022		
1.00 Percent Decrease (5.95%)	Current Discount Rate (6.95%)	1.00 Percent Increase (7.95%)
$ 14,340,705	$ 7,717,606	$ 2,096,961

2021		
1.00 Percent Decrease (5.95%)	Current Discount Rate (6.95%)	1.00 Percent Increase (7.95%)
$ 35,546,035	$ 27,670,604	$ 21,040,151

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

2022		
1.00 Percent Decrease (6.00%)	Current Rate (7.00%)	1.00 Percent Increase (8.00%)
$ 1,878,404	$ 7,717,606	$ 14,287,412

2021		
1.00 Percent Decrease (6.00%)	Current Rate (7.00%)	1.00 Percent Increase (8.00%)
$ 20,786,283	$ 27,670,604	$ 35,500,670

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

Payable to the Pension and OPEB Plan - At June 30, 2022, the College reported a payable of $2,394,176 and $133,285 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2022. At June 30, 2021, the College reported a payable of $2,245,642 and $139,275 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

Note 11 - Tax Abatements

The College's property tax revenue is affected by tax abatements entered into by other governments. The College's property tax revenues were reduced as follows for the years ended June 30, 2022 and 2021:

	Amount of Property Taxes Abated	
Government with Tax Abatement Agreement	June 30, 2022	June 30, 2021
Ada Township	$ 26,148	$ 20,552
Algoma Township	1,253	1,312
Alpine Township	2,214	17,993
Byron Township	4,068	5,270
Caledonia Township	18,038	16,738
Cascade Township	51,013	51,598
Gaines Township	115,622	89,758
Georgetown Township	-	13,584
Grand Rapids Township	3,192	2,533
Plainfield Township	4,281	4,498
Sparta Township	1,880	4,617
Tallmadge Township	4,807	4,972
Thornapple Township	20,422	6,764
Tyrone Township	3	8
Vergennes Township	3,018	3,389
Wright Township	-	20
City of Cedar Springs	2,324	3,315
City of Grand Rapids	757,028	669,288
City of Grandville	5,116	6,796
City of Kentwood	40,124	39,518
City of Lowell	5,973	6,006
City of Rockford	1,141	1,368
City of Walker	41,594	42,852
City of Wyoming	100,280	96,199
Total	$ 1,209,539	$ 1,108,948

Note 12 - Risk Management

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

Note 13 - State Building Authority

Certain institutional facilities, including the Applied Technology Center (ATC), Calkins Science Center, Main Building and Cook Hall renovations, have been financed in part by State Building Authority (SBA) bond issuance, which are secured by a pledge of rentals to be received by the SBA from the State of Michigan pursuant to an arrangement between SBA, State of Michigan, and the College. While the SBA bonds are outstanding, SBA will hold title to the respective buildings, although the College has capitalized the building and pays all operating and maintenance costs. Once the SBA bonds are fully paid, the SBA will transfer title of the buildings to the College. During the year ended June 30, 2021, the Calkins Science Center title was transferred to the College from the SBA. The Main Building title will transfer in March 2037, Cook Hall in 2050 and the ATC in 2055 unless the SBA bonds are paid or refunded in advance.

Note 14 - Foundation Net Assets with Donor Restrictions

Foundation net assets with donor restrictions were restricted for the following purposes:

	June 30, 2022	June 30, 2021
Capital campaigns	$ 1,874,113	$ 2,285,798
Other capital related	103,822	176,393
Tech Center capital campaign	777,837	896,739
Scholarships and other	22,912,632	30,408,137
Total	$ 25,668,404	$ 33,767,067

Assets restricted for Scholarships and other includes $10,958,721 as of June 30, 2022 and $10,536,662 as of June 30, 2021, restricted in perpetuity.

Required Supplemental Information

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

	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the collective MPSERS net pension liability:								
As a percentage	0.51954%	0.52691%	0.54127%	0.56041%	0.57280%	0.59322%	0.59710%	0.61095%
Amount	$ 123,004,056	$ 181,000,242	$179,249,084	$168,470,788	$148,436,081	$148,003,349	$145,842,419	$134,569,167
College's covered payroll	$ 45,759,750	$ 45,813,579	$ 46,016,178	$ 46,740,187	$ 47,565,876	$ 48,505,242	$ 49,129,485	$ 52,048,878
College's proportionate share of the collective pension (amount), as a percentage of the College's covered payroll	268.80%	395.08%	389.53%	360.44%	312.06%	323.09%	296.85%	258.54%
MPSERS fiduciary net position as a percentage of the total pension liability	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.20%

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

	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 16,576,734	$ 15,911,517	$ 14,663,731	$ 14,557,430	$ 13,750,838	$ 12,396,670	$ 13,751,793	$ 9,488,294
Contributions in relation to the actuarially determined contractually required contribution	$ 16,576,734	$ 15,911,517	$ 14,663,731	$ 14,557,430	$ 13,750,838	$ 12,396,670	$ 13,751,793	$ 9,488,294
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 45,357,251	$ 45,479,070	$ 45,711,582	$ 46,137,226	$ 47,300,505	$ 45,064,027	$ 48,088,254	$ 51,268,145
Contributions as a percentage of covered payroll	36.55%	34.99%	32.08%	31.55%	29.07%	27.51%	28.60%	18.51%

Note to Required Supplemental Information

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

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

2020 – The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25% percentage points.

2019 – The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45% percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

2018 – The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50% percentage points.

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

	2021	2020	2019	2018	2017
College's proportion of the collective MPSERS net OPEB liability:					
As a percentage	0.50562%	0.51651%	0.52608%	0.54944%	0.57312%
Amount	$ 7,717,606	$ 27,670,604	$ 37,760,595	$ 43,674,707	$ 50,752,538
College's covered payroll	$ 45,759,750	$ 45,813,579	$ 46,016,178	$ 46,740,187	$ 47,565,876
College's proportionate share of the collective OPEB liability (amount), as a percentage of the College's covered payroll	16.87%	60.40%	82.06%	93.44%	106.70%
MPSERS fiduciary net position as a percentage of the total OPEB liability	88.87%	59.76%	48.67%	43.10%	36.53%

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

	2022	2021	2020	2019	2018
Statutorily required contribution	$ 3,696,253	$ 3,784,654	$ 3,673,200	$ 3,624,091	$ 3,376,239
Contributions in relation to the actuarially determined contractually required contribution	$ 3,696,253	$ 3,784,654	$ 3,673,200	$ 3,624,091	$ 3,376,239
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 45,357,251	$ 45,479,070	$ 45,711,582	$ 46,137,226	$ 47,300,505
Contributions as a percentage of covered payroll	8.15%	8.32%	8.04%	7.86%	7.14%

Note to Required Supplemental Information

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

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

2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

2020 – The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50% percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.8 billion in 2020.

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

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

Other Supplemental Information

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	General Fund	Designated Fund	Retirement Fund	Auxiliary Fund
Assets				
Current assets:				
Cash and cash equivalents	$ 28,258,510	$ 3,442,417	$ -	$ 11,851,404
Accounts receivable - Net	10,248,850	809,249	-	4,659
Prepaid expenses and other current assets	439,679	1,970	-	22,928
Due (to) from other funds	(17,492,201)	2,203,047	-	134,315
Total current assets	21,454,838	6,456,683	-	12,013,306
Noncurrent assets:				
Accounts receivable - Net	-	-	-	-
Long-term investments	25,622,606	-	-	-
Unamortized bond discounts	-	-	-	-
Capital assets - Net	-	-	-	-
Total noncurrent assets	25,622,606	-	-	-
Total assets	47,077,444	6,456,683	-	12,013,306
Deferred Outflow of Resources	-	-	33,254,827	-
Liabilities				
Current liabilities:				
Accounts payable	204,351	781,312	-	314,806
Accrued salaries and related amounts	8,685,576	56,242	-	13,064
Unearned revenue	9,566,926	-	-	-
Interest payable	-	-	-	-
Long-term obligations - Current	1,860,064	-	-	-
Deposits held in custody for others	-	-	-	-
Total current liabilities	20,316,917	837,554	-	327,870
Noncurrent liabilities:				
Long-term obligations - Net of current portion	2,790,097	-	-	-
Net OPEB liability	-	-	7,717,606	-
Net pension liability	-	-	123,004,056	-
Total liabilities	23,107,014	837,554	130,721,662	327,870
Deferred Inflow of Resources	-	-	85,555,826	-
Net Position				
Net investment in capital assets	-	-	-	-
Unrestricted (deficit)	23,970,430	5,619,129	(183,022,661)	11,685,436
Total net position	**$ 23,970,430**	**$ 5,619,129**	**$ (183,022,661)**	**$ 11,685,436**

Grand Rapids Community College

Combining Statement of Net Position
June 30, 2022

Expendable Restricted Fund	Agency Fund	Plant Fund	Total	Eliminations	Combined Total
$ -	$ 139,554	$ -	$ 43,691,885	$ -	$ 43,691,885
61,626	-	-	11,124,384	-	11,124,384
-	-	16,651	481,228	-	481,228
898,702	324,178	13,931,959	-	-	-
960,328	463,732	13,948,610	55,297,497	-	55,297,497
-	-	47,911	47,911	-	47,911
-	-	29,401,168	55,023,774	-	55,023,774
-	-	42,989	42,989	-	42,989
-	-	188,743,603	188,743,603	-	188,743,603
-	-	218,235,671	243,858,277	-	243,858,277
960,328	463,732	232,184,281	299,155,774	-	299,155,774
-	-	-	33,254,827	-	33,254,827
807,799	2,233	898,388	3,008,889	-	3,008,889
152,529	-	-	8,907,411	-	8,907,411
-	13,539	-	9,580,465	-	9,580,465
-	-	83,121	83,121	-	83,121
-	-	2,731,692	4,591,756	-	4,591,756
-	447,960	-	447,960	-	447,960
960,328	463,732	3,713,201	26,619,602	-	26,619,602
-	-	21,772,790	24,562,887	-	24,562,887
-	-	-	7,717,606	-	7,717,606
-	-	-	123,004,056	-	123,004,056
960,328	463,732	25,485,991	181,904,151	-	181,904,151
-	-	-	85,555,826	-	85,555,826
-	-	164,968,600	164,968,600	-	164,968,600
-	-	41,729,690	(100,017,976)	-	(100,017,976)
$ -	**$ -**	**$ 206,698,290**	**$ 64,950,624**	**$ -**	**$ 64,950,624**

Grand Rapids Community College

	General Fund	Designated Fund	Retirement Fund	Auxiliary Fund
Operating Revenue				
Tuition and fees - Net of scholarship allowance	$ 48,566,924	$ -	$ -	$ -
Federal grants and contracts	-	-	-	-
State grants and contracts	-	-	-	-
Private gifts, grants, and contracts	-	-	-	-
Sales and services of auxiliary activities	-	-	-	2,458,790
Seminars, workshops, and other revenue	1,755,822	2,488,640	-	-
Total operating revenue	50,322,746	2,488,640	-	2,458,790
Operating Expenses				
Instruction	48,966,904	1,892,429	(8,000,958)	-
Information Technology	8,093,702	-	(908,117)	-
Public service	1,432,299	325,771	(203,180)	-
Instructional support	12,893,424	6,391	(1,979,318)	-
Student services	9,843,481	430,176	(1,374,905)	2,928,127
Institutional administration	12,925,544	528,656	(1,645,932)	-
Physical plant operations	14,684,703	46,980	(1,106,162)	-
Depreciation	-	-	-	-
Total operating expenses	108,840,057	3,230,403	(15,218,572)	2,928,127
Operating (Loss) Income	(58,517,311)	(741,763)	15,218,572	(469,337)
Nonoperating Revenue (Expenses)				
State appropriations	31,163,692	-	(526,012)	-
Property taxes	36,446,537	-	-	-
Pell revenue	-	-	-	-
Interest income	164,300	-	-	94,367
Interest expense on bonds	-	-	-	-
Current fund expenditures for capital assets	-	-	-	-
Unrealized loss on investments	(1,022,113)	-	-	(587,059)
Higher Education Emergency Relief Funds and Coronavirus Relief Funds	-	-	-	-
Other revenue	-	-	-	-
Net nonoperating revenue (expenses)	66,752,416	-	(526,012)	(492,692)
Income (Loss) Before Other Revenue	8,235,105	(741,763)	14,692,560	(962,029)
Other Revenue - Capital contributions	-	-	-	-
Increase (Decrease) in Net Position - Before transfers	8,235,105	(741,763)	14,692,560	(962,029)
Transfers - Mandatory and nonmandatory	(5,339,720)	560,172	-	542,842
Increase (Decrease) in Net Position	2,895,385	(181,591)	14,692,560	(419,187)
Net Position - Beginning of year	21,075,045	5,800,720	(197,715,221)	12,104,623
Net Position - End of year	**$ 23,970,430**	**$ 5,619,129**	**$ (183,022,661)**	**$ 11,685,436**

Combining Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2022
(with comparative totals for the year ended June 30, 2021)

Expendable Restricted Fund	Plant Fund	Total	Eliminations	2022	2021
$ -	$ -	$ 48,566,924	$ (9,465,147)	$ 39,101,777	$ 39,740,946
5,283,627	-	5,283,627	-	5,283,627	4,508,554
2,317,571	-	2,317,571	-	2,317,571	2,142,740
1,413,718	-	1,413,718	-	1,413,718	1,204,148
-	-	2,458,790	(537,347)	1,921,443	963,915
-	-	4,244,462	-	4,244,462	4,087,566
9,014,916	-	64,285,092	(10,002,494)	54,282,598	52,647,869
1,208,654	-	44,067,029	(917,983)	43,149,046	51,256,051
1,882,389	-	9,067,974	(268,876)	8,799,098	9,413,654
5,445,831	-	7,000,721	(283,280)	6,717,441	5,616,246
72,601	-	10,993,098	(384,751)	10,608,347	13,226,307
18,991,386	-	30,818,265	(10,662,695)	20,155,570	37,518,493
174,501	-	11,982,769	(74,228)	11,908,541	13,867,486
6,711,438	2,839,875	23,176,834	(5,164,329)	18,012,505	18,032,161
-	7,537,414	7,537,414	-	7,537,414	6,806,907
34,486,800	10,377,289	144,644,104	(17,756,142)	126,887,962	155,737,305
(25,471,884)	(10,377,289)	(80,359,012)	7,753,648	(72,605,364)	(103,089,436)
-	-	30,637,680	-	30,637,680	28,673,733
-	9,554,020	46,000,557	-	46,000,557	44,629,135
13,661,721	-	13,661,721	-	13,661,721	12,802,011
-	277,013	535,680	-	535,680	1,117,031
-	(481,520)	(481,520)	-	(481,520)	(667,760)
-	7,753,648	7,753,648	(7,753,648)	-	-
-	(1,723,293)	(3,332,465)	-	(3,332,465)	(1,108,092)
15,158,457	-	15,158,457	-	15,158,457	33,816,441
-	2,073,007	2,073,007	-	2,073,007	2,050,723
28,820,178	17,452,875	112,006,765	(7,753,648)	104,253,117	121,313,222
3,348,294	7,075,586	31,647,753	-	31,647,753	18,223,786
-	7,085,605	7,085,605	-	7,085,605	18,855,461
3,348,294	14,161,191	38,733,358	-	38,733,358	37,079,247
(3,348,294)	7,585,000	-	-	-	-
-	21,746,191	38,733,358	-	38,733,358	37,079,247
-	184,952,099	26,217,266	-	26,217,266	(10,861,981)
$ -	**$ 206,698,290**	**64,950,624**	**$ -**	**$ 64,950,624**	**$ 26,217,266**

Grand Rapids Community College

Schedule of General Fund Revenue, Expenses, and Transfers - Budget to Actual Year Ended June 30, 2022

	Actual	Final Authorized Budget	Variance Favorable (Unfavorable)
Revenue			
Student tuition and fees	$ 48,566,924	$ 50,626,000	$ (2,059,076)
Property taxes	36,446,537	36,625,000	(178,463)
State operating appropriations	31,163,692	30,549,000	614,692
Interest income	(857,813)	100,000	(957,813)
Seminars, workshops, and other revenue	1,755,822	1,625,000	130,822
Total revenue	117,075,162	119,525,000	(2,449,838)
Expenditures and Transfers			
Instruction	48,966,904	51,234,897	2,267,993
Information Technology	8,093,702	8,468,576	374,874
Public service	1,432,299	1,498,639	66,340
Instructional support	12,893,424	13,490,607	597,183
Student services	9,843,481	10,299,400	455,919
Institutional administration	12,925,544	13,524,215	598,671
Physical plant operations	14,684,703	15,364,852	680,149
Total expenditures	108,840,057	113,881,186	5,041,129
Transfers from (to) General Fund			
Designated fund support	560,172	560,172	-
Expendable restricted fund support	(2,805,452)	905,000	3,710,452
Maintenance, equipment, and technology support	7,585,000	2,585,000	(5,000,000)
Total transfers	5,339,720	4,050,172	(1,289,548)
Total expenditures and transfers	114,179,777	117,931,358	3,751,581
Revenue over expenditures and transfers	**$ 2,895,385**	**$ 1,593,642**	**$ 1,301,743**

Schedule of Changes in Designated Fund
Year Ended June 30, 2022

	Net Position at June 30, 2021	Revenue	Expenditures	Transfers In	Net Position at June 30, 2022
Training solutions	$ 2,161,501	$ 2,111,286	$ 2,009,082	$ -	$ 2,263,705
Diversity lecture series	16,750	61,002	68,341	-	9,411
Ford concessions	17,943	10,054	11,203	-	16,794
Ford equipment	111,480	16,721	19,519	-	108,682
HED Programs	188,811	-	-	-	188,811
Auto technologies	14,705	6,432	10,914	-	10,223
Occupational training	38,365	49,190	38,427	-	49,128
Bridges to College	-	-	449,215	398,006	(51,209)
Strategic Leadership Team	128,911	-	18,500	73,000	183,411
Budget stabilization	1,937,762	-	-	-	1,937,762
Other designated programs	1,184,492	233,955	605,202	89,166	902,411
Total	**$ 5,800,720**	**$ 2,488,640**	**$ 3,230,403**	**$ 560,172**	**$ 5,619,129**

Grand Rapids Community College

Schedule of Changes in Auxiliary Fund
Year Ended June 30, 2022

	Bookstore	Food Service	Parking	Printing Services	Total
Revenue					
Sales and fees	$ 204,961	$ 554,145	$ 1,170,219	$ 529,465	$ 2,458,790
Interest income	-	-	94,367	-	94,367
Unrealized loss on investments	-	-	(587,059)	-	(587,059)
Total revenue	204,961	554,145	677,527	529,465	1,966,098
Expenditures					
Cost of sales	-	508,364	1,530,930	254,460	2,293,754
Salaries, wages, and benefits	-	13,951	-	420,073	434,024
Capital outlay	-	18,888	-	-	18,888
Other operating expenses	181,461	-	-	-	181,461
Total expenditures	181,461	541,203	1,530,930	674,533	2,928,127
Exceess (Deficit) of Revenue over Expenditures	23,500	12,942	(853,403)	(145,068)	(962,029)
Transfers In	-	-	542,842	-	542,842
Excess (Deficit) of Revenue and Transfers In Over Expenditures	23,500	12,942	(310,561)	(145,068)	(419,187)
Net Position - July 1, 2021	3,442,614	155,607	8,322,860	183,542	12,104,623
Net Position - June 30, 2022	**$ 3,466,114**	**$ 168,549**	**$ 8,012,299**	**$ 38,474**	**$ 11,685,436**

Grand Rapids Community College

Schedule of Changes in Expendable Restricted Fund
Year Ended June 30, 2022

	Net Position at July 1, 2021	Revenue	Expenditures	Transfers In (Out)	Net Position at June 30, 2022
Specially funded:					
Apprenticeship	$ -	$ 9,846	$ 9,846	$ -	$ -
HEERF III- AMERICAN RESCUE PLAN	-	14,738,240	10,550,199	(4,188,041)	-
HEERF II - CRRSAA funding	-	420,217	420,217	-	-
Cybersecurity Grant	-	138,694	138,694	-	-
Disability Support		-	750,034	750,034	-
DOL - JOBCORP Grant	-	360,657	360,657	-	-
DOL - One Workforce Grant	-	938,844	938,844	-	-
DOL - Strengthening Community Colleges Grant	-	594,256	594,256	-	-
Early Childhood	-	1,067,042	1,100,954	33,912	-
GEAR UP	-	378,478	378,478	-	-
Kellogg Foundation	-	182,116	182,116	-	-
Metallica Grant	-	23,127	23,127	-	-
Michigan New Jobs Training	-	1,382,486	1,382,486	-	-
Motorcycle Safety Program	-	279,095	279,095	-	-
Older Learner	-	25,124	25,124	-	-
Title III-Strengthening Institution	-	352,722	352,722	-	-
TRIO Educational Opportunity Center	-	121,814	121,814	-	-
TRIO - STEM Project	-	253,830	253,830	-	-
TRIO - Student Support Center		441,507	441,507		-
Veterans Success Center	-	125,854	125,854	-	-
Vocational Education	-	803,262	859,063	55,801	-
WIOA Adult Education	-	177,034	177,034	-	-
Workforce Development	-	182,315	182,315	-	-
Miscellaneous - Other	-	517,498	517,498	-	-
Total	-	23,514,058	20,165,764	(3,348,294)	-
Student financial aid:					
Federal Pell Grant Program	-	13,661,721	13,661,721	-	-
Federal Supplemental Education Opportunity Grant Program	-	348,075	568,658	220,583	-
Federal Work Study	-	311,240	90,657	(220,583)	-
Total	**$ -**	**$ 37,835,094**	**$ 34,486,800**	**$ (3,348,294)**	**$ -**

Schedule of Bonded Debt
Year Ended June 30, 2022

	2020 Refunding Bonds		2019 Refunding Bonds		Series 2012		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 1,755,000	$ 228,476	$ 680,000	$ 257,450	$ 205,000	$ 6,406	$ 2,640,000	$ 492,332
2024	1,760,000	221,122	700,000	230,250	-	-	2,460,000	451,372
2025	1,770,000	210,422	730,000	195,250	-	-	2,500,000	405,672
2026	1,785,000	196,651	750,000	158,750	-	-	2,535,000	355,401
2027	1,805,000	177,462	780,000	121,250	-	-	2,585,000	298,712
2028	1,825,000	155,893	810,000	82,250	-	-	2,635,000	238,143
2029	1,855,000	129,886	835,000	41,750	-	-	2,690,000	171,636
2030	1,880,000	101,598	-	-	-	-	1,880,000	101,598
2031	1,910,000	74,148	-	-	-	-	1,910,000	74,148
2032	1,940,000	36,763	-	-	-		1,940,000	36,763
Total	**$ 18,285,000**	**$ 1,532,421**	**$ 5,285,000**	**$ 1,086,950**	**$ 205,000**	**$ 6,406**	**$ 23,775,000**	**$ 2,625,777**

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

Independent Auditor's Report

To Management and the Board of Trustees
Grand Rapids Community College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Grand Rapids Community College (the "College") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 17, 2022. The financial statements of Grand Rapids Community College Foundation were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Plante & Moran, PLLC

October 17, 2022