# Jackson College Board of Trustees Meeting

Regular Meeting

November 14, 2022 06:30 PM - 09:00 PM

| Agenda Topic | Page |
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(*) Indicates a roll-call item

# Jackson College COVID-19 Protocol – 8.8.22

***Campus Arrival:***

- Emmons Road Entrance has been reopened

***Testing, Vaccinations & Illness***:

- Continue to test 3-5 days after travel or large gatherings (note: The Health Clinic has the Pfizer booster available, appointment needed)

***Classrooms & Campus Spaces***

- Masks are encouraged in larger spaces (e.g., fieldhouse, community rooms, Music Hall etc.).
- Masks may be required in certain areas such as Health Clinic, specific work spaces and full capacity classrooms. *Signs will be posted.*
- *We also highly encourage you to keep a mask on you at all times, should the spaces you visit necessitate the usage of one*

**As a matter of College Policy, at all times, all students, employees and visitors are required to remain off campus if they are exhibiting any level of illness, whether or not they believe it to be COVID-19.**

# Roberts Rule of Order for Small Assemblies

Board of Trustees
Jackson College, MI

**Parliamentary procedure is a set of rules for conducting orderly meetings of the Board of Trustees that accomplish goals fairly. Excerpts from Robert's Rules of Order Newly Revised – 12th Ed. (RNOR), includes provisions for small assemblies (i.e., a grouping of 12 or fewer members). These rules apply to the Board committees as well.**

## I. General Principles:

RONR provides that Board of Trustees meetings are not to be conducted with the formality of a large assembly, but some general principles apply. Namely:

1. A quorum must be present for business to be conducted.
2. All Trustees have equal rights, privileges and obligations.
3. No person should speak until recognized by the chairperson.
4. Personal remarks or sidebar discussions during debate are out of order.
5. Only one question at a time may be considered.
6. Only one person may have the floor at any one time.
7. Trustees have a right to know what the pending question is and to have it restated prior to a vote being taken.
8. Full and free discussion of every main motion is a basic right.
9. A majority decides a question except when basic rights of members are involved or a rule provides otherwise.
10. Silence gives consent. Those who do not vote allow the decision to be made by those who do vote.
11. The chair should always remain impartial.

## II. Unique Components to Small Assemblies:

These rules/exceptions are called the *Rules of Order for Small Assemblies*. However, the following RONR modifications to the Rules for small assemblies are notable and must be adhered to:

1. Members are not required to obtain the floor before speaking or making a motion, which can be done while seated. The chairperson merely recognizes the person.
2. Motions need not be seconded, although the chair should repeat the motion so that the meeting knows what is being talked about and before there is a vote, the proposed resolution should be repeated by the chair unless the resolution is clear. (A long motion should be in writing to assist the chair.)

3. There is no limit on the number of times that a person can speak, although in boards and committees it is not proper for a member to speak if a person who has not spoken wishes to be recognized. It is never proper to interrupt.
4. Informal discussion on a topic is permitted, even though no motion is pending. (It is required, however, to stick to the agenda.)
5. When a proposal is perfectly clear to the assembly, a vote can be taken without a motion having been made, but the chair is responsible for expressing the resolution before it is put to a vote.
6. The chair need not rise while putting questions to a vote.
7. The chair can participate in the discussion and unless there is a rule or custom of the board or committee to the contrary, can make motions and vote.
8. In order to have the benefit of the committee's or board's matured judgment, no motions to close or limit debate (such as "calling the question") are permitted.

## III. Amendments:

A "motion to amend" can accomplish one or more of the following: 1) Inserting new language; 2) Striking language; and 3) Striking language in favor of adding new language.

Any motion can be amended by a subsequent motion. If the person who made the original motion consent to the amendment, the amendment is then deemed to be "friendly" amendment and it does not require additional support from another person; additionally, the matter is not subject to debate. If an amendment is not deemed friendly, it does require a person to second the amendment. Such a motion must then be debated and voted upon, before the debate resumes on the original motion.

A person wishing to make an amendment cannot interrupt another speaker. The chair should allow full discussion of the amendment (being careful to restrict debate to the amendment, not the original motion) and should then have a vote taken on the amendment only, making sure the board members know they are voting on the amendment, but not on the original motion.

If the amendment is defeated, another amendment may be proposed, or discussion will proceed on the original motion.

If the amendment carries, the meeting does not necessarily vote immediately on the "motion as amended." Because the discussion of the principle of the original motion was not permitted during debate on the amendment, there may be members who want to speak now on the issue raised in the original motion.

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

**Subject to be Discussed and Policy Reference:**

1.0 Call to Order & Pledge of Allegiance of the United States

***BOARD POLICY***: GOVERNANCE PROCESS: GP-13 Special Rules of Order

**Description:**

Board Chairperson Crist will call all Trustees to Order in preparation for the Board Meeting, followed by a recitation of the Pledge of Allegiance:

**"I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all".**

**Resource Impact:**

None

**Requested Board Action:**

Come to order, stand, and recite the Pledge of Allegiance to the United States.

**Action Taken:**

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
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| 2.0 Adoption of Minutes<br>2.1 Regular Board Meeting, Dated 10.10.22<br>2.2 Board Fall Planning Session, Dated 10.18.22<br><br>***BOARD POLICY***: GOVERNANCE PROCESS: GP-01 Governing Style |
| **Description:** |
| Attached are the minutes of the most recent meetings of the Board for your review and consideration for placement into the formal record of the Jackson College Board of Trustees.<br><br>[NOTE: By law, a preliminary draft of these minutes are posted within 10 days of the preceding Board Meeting and are finalized as a permanent record upon Board approval at this, the subsequent board meeting.] |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Consideration of the minutes for approval to the formal record of the Board. |
| **Action Taken:** |
| |

**REGULAR MEETING OF THE BOARD OF TRUSTEES**
Jackson College
Central Campus, George E. Potter Center, 2nd Floor, Boardroom
10.10.22

# [DRAFT & UNOFFICIAL]

The Regular Meeting of the Board of Trustees of Jackson College was held on Monday, 10.10.22, 6:30pm, at the Central Campus of Jackson College, George E. Potter Center, 2nd Floor, Boardroom.

*Board Members Present:* Chairperson John Crist, Vice-Chairperson Sheila Patterson, Trustee Christopher Simpson, Trustee Donna Lake, and Trustee Matt Heins

*Board Member Excused Absence:* Trustee Philip Hoffman and Trustee Sam Barnes

*Others Present:* President, Daniel Phelan, Ms. Cindy Allen, Mr. Jason Valente, Mr. John Globoker, Mr. Doug Yenor, Mr. Bill Abbott, Mr. Jonathon Marowelli, Ms. Jennifer Dobbs, Ms. Lauren Kroa, Ms. Debra King and Mr. Keith Book.

Chairperson John Crist called the meeting to order at 6:35PM Eastern Daylight-Savings Time.

**ADOPTION OF MINUTES**
The draft minutes of the Regular Meeting of the Board of Trustees on 09.12.22 were reviewed by the Board and moved into the permanent record by Chairperson Crist, on behalf of the Trustees.

**DECLARATION OF CONFLICT OF INTEREST**
There were no conflicts of interest expressed by Trustees for items appearing on the agenda for the meeting.

**OWNERSHIP LINKAGE**
*PUBLIC COMMENTS:*
Ms. Jennifer Dobbs introduced Debra King, a traveling CNA looking to complete her degree at Jackson College in nursing. Ms. King first contacted the Harriet Meyer emergency fund team in August stating that she was recently homeless and needed help with internet because she was living out of her car. With the assistance of Courtney Ivan, Lauren Kroa, Momo Saldana, and Jennifer Dobbs, Ms. King is now a full-time resident in campus housing and student employee for the Allied Health Department.

President Phelan introduced Michigan Community College Association (MCCA) President Brandy Johnson who provided an update about the Association and Legislature. She also presented Chairperson Crist with a plaque and engraved gavel in appreciation for his service as MCCA's Board of Directors Chairperson in 2019 and 2020.

*CEO COMMENTS:*
Led by bagpiper John Downing's procession, President Phelan presented the following Trustees with Jackson College Associate Degrees or Certificates as awarded via reserve transfer.
Chairperson John Crist – Associate in Arts
Vice-Chairperson Sheila Patterson – Associate in General Studies
Trustee Christopher Simpson – Certificate – Law Enforcement
Trustee Donna Lake – Associate in General Studies
Trustee Matt Heins – Associate in Arts

*BOARD COMMENTS:*
Vice Chairperson Patterson shared the story of a student driver of hers who is currently a Freshman at Jackson College and enjoys best her African American Studies course and instructor. She also shared her enjoyment of having attended Jets Night hosted by the Jackson College women and men's basketball teams. Lastly, she noted that a highlight of attending the NAACP Freedom Fund Banquet, held on October 9th,at the MLK Center, was sharing a table with Jackson College students.

Trustee Lake echoed the previous comments and noted that she enjoyed the students attending the NAACP Freedom Fund Banquet, as well as the speaker Dr. Jerome Reide.

Vice Chairperson Patterson also shared her appreciation for a presentation being given by John Willis centered around the City of Jackson's history. She suggested inviting him to present at the Jackson College Board of Trustee's Fall Planning Session on October 18th, if possible.

*LINKAGE COMMITTEE STATUS:*
Trustee Lake provided an update on the final rounds of in-person Ownership Linkage meetings. The Ownership Linkage Committee met with the Jackson City Council on 09.27.22 and members of the Jackson County Farm Bureau on 10.04.22.

Trustee Heins highlighted the point made by members of the Jackson County Farm Bureau that retirees are a viable community in agriculture. Dr. Phelan reminded the Board that there are 8 bus trips a day back and forth between downtown Jackson to Jackson College.

Trustee Lake expressed that the Jackson City Council and Jackson County Farm Bureau would like to tour the college, which could lead to open houses of the college for anyone. President Phelan noted that the idea of an open house for the community was already in discussion.

**ITEMS FOR DECISION**

*GOVERNANCE PROCESS ITEMS: Board Fall Planning Session Agenda – 10.18.22:*
President Phelan presented a draft agenda for the Board's Fall Planning Session on October 18, 2022. It was suggested by Trustee Patterson that if John Willis can attend, perhaps he can do so between 12-1pm or 1-2pm.

*EXECUTIVE LIMITATIONS ITEMS: EL-04 Financial Conditions & Activities – Policy Review:*
Policy EL-04 was considered by the Board for its regularly scheduled review.

*EXECUTIVE LIMITATIONS ITEMS: EL-08 Communication & Support to the Board – Policy Review:*
Policy EL-08 was considered by the Board for its regularly scheduled review.

*EXECUTIVE LIMITATIONS ITEMS: EL-04 Financial Conditions & Activities – Interpretations Review:*
President Phelan presented his tightened interpretations for Policy EL-04 to the Board for their regularly scheduled review.

*EXECUTIVE LIMITATIONS ITEMS: EL-08 Communication & Support to the Board – Policy Review:*
Policy EL-08 presented his 'tightened' interpretations for Policy EL-08 to the Board for their regularly scheduled review.

Trustee Lake asked why "President" was replaced by "CEO" throughout the document. President Phelan explained that he is "President" to the College and "CEO" to the Board, and since these reports are to demonstrate the CEO's policy compliance to the Board, "CEO" is the most appropriate reporting title.

Trustee Heins requested that Board materials continue to get to the Board in as timely a fashion as possible.

**MOTION BY VICE CHAIRPERSON PATTERSON TO APPROVE POLICY EL-04 FINANCIAL CONDITIONS & ACTIVITIES WITHOUT AMENDMENTS, TO APPROVE POLICY EL-08 COMMUNICATION & SUPPORT TO THE BOARD WITHOUT AMENDMENTS, TO APPROVE THE CEO'S INTERPRETATIONS AS AMENDED FOR POLICY EL-04 FINANCIAL CONDITIONS & ACTIVITIES, AND TO APPROVE THE CEO'S INTERPRETATIONS AS AMENDED FOR POLICY EL-08 COMMUNICATION & SUPPORT TO THE BOARD.**

**TRUSTEES VOTED BY ROLL CALL VOTE: TRUSTEES HEINS, SIMPSON, PATTERSON, LAKE AND CRIST VOTING AYE. MOTION PASSED UNANIMOUSLY.**

**MONITORING CEO PERFORMANCE**

*MONITORING CEO PERFORMANCE*: *EL-01 Treatment of Students – Evidence Review:*
President Phelan presented the evidence (i.e., monitoring report) for Policy EL-01 Treatment of Students, indicating full compliance according to his previously approved interpretations.

**MOTION BY VICE CHAIRPERSON PATTERSON TO ACCEPT THE MONITORING REPORT FOR POLICY EL-01 TREATMENT OF STUDENTS AS FULLY COMPLIANT.**

**TRUSTEES VOTED BY ROLL CALL VOTE: TRUSTEES HEINS, SIMPSON, PATTERSON, LAKE AND CRIST VOTING AYE. MOTION PASSED UNANIMOUSLY.**

*MONITORING CEO PERFORMANCE: CEO Compliance Review:*
President Phelan provided an update on reports, presented to the Board over the preceding 12 months with the compliance status noted.

**MONITORING BOARD PERFORMANCE**

*BCD-01 UNITY OF CONTROL – SURVEY RESULTS REVIEW:*
The Board reviewed the results of a self-evaluation survey of Policy BCD-01 Unity of Control. Compliance with policy statements was determined with no changes.

*GP-05 ROLE OF VICE CHAIR – SURVEY RESULTS REVIEW:*
The Board reviewed the results of a self-evaluation survey of Policy GP-05 Role of Vice Chair. Compliance with policy statements was determined with no changes.

**INFORMATION REQUEST BY THE BOARD**

*VEBA Plan Review:*
As requested by the Board at the Board of Trustee's regular meeting on 10.12.22, Ms. Cindy Allen and Mr. Bill Abbott shared their analysis of the VEBA (Voluntary Employees Beneficiary Association) plan in the President's contract.

Ms. Allen shared that the policy was purchased by Jackson College as a $250K policy, but rests now at $100K. Mr. Abbott described that insurance consultation recommends that the amount be brought back up to $250K.

**MOTION BY TRUSTEE HEINS TO APPROVE FUNDING THE POLICY BACK TO $250K.**

**TRUSTEES VOTED BY ROLL CALL VOTE: TRUSTEES HEINS, SIMPSON, PATTERSON, LAKE AND CRIST VOTING AYE. MOTION PASSED UNANIMOUSLY.**

President Phelan described the extenuating circumstance around which the amount of $150K was mistakenly paid out of his long-term care account. He noted that the policy will be fully reinstated, which was initially purchased by Jackson College on behalf of the President. Further, Ms. Cindy Allen stated that additional security will be added to ensure the policy is distinguishable as a shared College and personal policy and not a personal policy. President Phelan will reimburse the account in the amount that re-establishes the policy to $150K.

Trustee Heins asked for formal documentation of this error and the path taken toward reconciliation. Mr. Abbott described this request as reasonable and easily produced. President Phelan will notify the Board when the account has been fully re-established to $150K.

*FY 2023 Q1 Financial Report:*
President Phelan reviewed the FY 2023 Q1 Financial Report with the Board noting that there were not concerns.

*ACCT Leadership Congress 10.26-29, 2022:*
In preparation for the Board's upcoming trip to the ACCT Leadership Congress in NYC this month, the Board reviewed the agenda logistics.

*Next Board Meeting Topics – November 14, 2022:*
President Phelan provided the members a portend of items that are to come at the 11.14.22, Jackson College Board of Trustees Meeting and took agenda suggestions.

Below are the currently anticipated topics:

- Policy & Interpretations Review: EL-09 Organization Culture
- Policy & Interpretations Review: EL-07 Compensation & Benefits
- Policy Review: GP-07.1 Audit Committee Terms of Reference
- Evidence Review: EL-04 Financial Conditions & Activities
- Evident Review: EL-08 Communication & Support to the Board
- Audit Report Review
- CEO, CFO Audit Certifications
- Consideration of Budget Adjustments (if needed)

**SELF-EVALUATION OF GOVERNANCE PROCESS & BOARD PERFORMANCE AT THIS MEETING**

*Principles of Policy Governance:*
Members noted that, in their view, the meeting went per plan utilizing the 10 principles of Policy Governance.

Doug Yenor, new Jackson College Chief Information Officer, was introduced to the Board and welcomed.

**MEETING CONTENT REVIEW**
Trustees expressed that the content was sufficient.

**ADJOURN**
**MOTION BY TRUSTEE LAKE** "To adjourn."

**TRUSTEES VOTED BY ROLL CALL VOTE: TRUSTEES HEINS, SIMPSON, PATTERSON, LAKE AND CRIST VOTING AYE. MOTION PASSED UNANIMOUSLY.**

Meeting Adjourned at 7:49pm ET.

**FALL PLANNING SESSION**
**BOARD OF TRUSTEES**
**Central Campus, 2111 Emmons Road, Jackson, MI**
Bert Walker Hall: Conference Room 275
10.18.22
**[DRAFT & UNOFFICIAL]**

The Fall Planning Session of the Board of Trustees of Jackson College was held on Tuesday, October 18, 2022, 8:00am, in Conference Room 275 of Bert Walker Hall.

*Board Members Present:* Chairperson John Crist, Vice-Chairperson Sheila Patterson, Trustee Christopher Simpson, Trustee Donna Lake, Trustee Matt Heins, Trustee Sam Barnes, and Trustee Philip Hoffman

*Others Present:* President Daniel Phelan, Ms. Cindy Allen, Mr. Jeremy Frew, and Mr. Keith Book.

Chairperson John Crist called the meeting to order at 8:00AM Eastern Daylight-Savings Time.

**COMMENTS OF THE CHAIR & OVERVIEW OF THE DAY**
Chairperson John Crist reviewed the intentions of the day, as well as the agenda.

**OWNERSHIP LINKAGE - PUBLIC COMMENTS (LIMIT OF 5 MINUTES PER PERSON)**
Chairperson Crist shared ownership linkage feedback with the Board. Trustee Lake noted that there is much to decipher from the ownership linkage focus group meetings. She noted that while much of it is operational in nature, there were many affirming elements related to the Board's current ENDS policy.

**CONTEXT SETTING**
President Phelan shared his view of what is on the horizon for higher education externally:

- Undifferentiated outcomes: More aggressive requirement for more equitable achievements and success for all students.
- CBE: The new currency for higher education will be competency-based instruction.
- Politics: The apolitical higher education landscape will see more party intrusion.
- Mergers & Acquisitions: Fewer institutions will survive. Distinctiveness will favor the few. Trustee Hoffman suggested that mergers be an agenda item in the Board's near future. President Phelan noted that some past work done on mergers in legislation could be advantageous. Discussion of pros and cons of

mergers ensued. Trustee Heins asked for President Phelan to forward any news of mergers and acquisitions to the Board.
- Tech & Data Advancement: To remain competitive, increasing investments in IT and IRE will be required.
- Fungibility Threat: Technology will increasingly make higher education commoditized, thereby requiring distinctive elements for our college.

On the horizon internally for Jackson College, President Phelan shared the following views:
- Workday Flexibility: The effects of COVID and Remote Work continue. Working through this will likely cause some consternation among some employees.
- Wage Escalation: Fueled by inflation and COVID, the meteoric rise in wages is waning a bit, but still a factor in recruitment and retention of employees.
- Mental Health: People are hurting. Nationally, only 30% of employees feel optimistic about the future.
- Competition for Talent: Candidates leverage wages, as well as seek other remote work options, career opportunities, titles, and more. Our current ATR is: 17%.
- Quiet & Outright Quitting: Some struggle and leave. Others are less motivated at work – nationally 42% don't find meaning in their work.
- Culture: Our unwavering focus on the love, care, and service of each other, and our students continues to be a strength. Vice Chairperson Patterson shared that culture may not trickle down as much as is needed. The importance of employee culture data was discussed. Vice Chairperson Patterson led a discussion of some feedback she received from ex-employees regarding their perceptions of treatment received by employees of color. Trustee Heins and Vice Chairperson Patterson discussed their hopes for the Jackson College Affinity Groups. President Phelan shared the College and Mayor Daniel Mahoney's continued work and investment in Ready Set Jet.

## PRINCIPLE POINTS OF REVIEW & DISCUSSION

### BSN Partnership
President Phelan shared the BSN partnership status and highlights of Senate Bill 845. He is currently working with Wayne State University in hopes that they will be the College's partner. Failing that, GVSU could be a reasonable alternative.

### MI Reconnect
President Phelan described the status of MI Reconnect – a scholarship program that pays for persons to attend JC tuition-free toward a degree or certificate. Some potential changes to MI Reconnect are on the horizon and could dictate completion levels in order to remain in the program.

**Capital Outlay & Capital Grant**
President Phelan shared the status of FY'23 Capital Outlay. The Jackson College project is a fundamental reconstruction of the current McDivitt Hall, including infrastructure improvements, combined with a modest expansion. The Spring Planning Session for the Board will include further discussion, and hopefully include the announcement of the approval of our outlay request. President Phelan announced and gave condolences for the recent passing of Jim McDivitt. He also shared that there has been broad support from legislators thus far for Jackson College's Capital Outlay project.

**State Corrections Education Grants**
The $5MM for corrections office training is being more fully understood and questions are being posed for clarity and optimization.

**Community College Funding Formula**
President Phelan shared some boilerplate changes from FY'22. In particular, President Phelan described the State FY'23 budget summary and funding formula work ahead, which could offer a potential changes in state aid distribution. He noted that Jackson College will be pushing for recognition of the huge disparity that exists among community colleges with respect to local tax support.

**Master Planning Projects**
President Phelan noted that construction and repair costs are much higher than planned, as is commonplace considering the current economy.

He also shared the process underway by the Leadership Council for strategic agenda development, with the goal to be completed by January. Trustee Lake suggested getting this strategic agenda process in front of those that participated in the Ownership Linkage focus groups.

**COLLEGE PROGRAM FEATURES**

**Dual Enrollment**
Mr. Jeremy Frew presented on the history and status of our early middle colleges and dual enrollment. This makes up 30% of Jackson College enrollment. He emphasized the partnership cohorts' soaring average completion rates of 97%, 96%, 80% and 98%. He highlighted work-based learning as a future goal and hope for the programs. He also noted that the Jackson College 2022 Commencement Speaker Mackenzie Rosenau was a 17-year-old JPEC and Jackson College graduate.

**CEP Changes**
Dr. Todd Butler reported that Jackson College is 10 years into the CEP work, a leader in the country. He reported that the correctional education has been resilient against and with the COVID/Flu Season and closings. Further successes and practices include the implementation of flexible semester scheduling structures, technology allowing email communication with the inmate students for the first time, and Pell for All starting in July

of 2023 (which JC had a large part of helping to accomplish). He noted that there is theatre curriculum in the prisons this Fall, and the potential for vocal performance and orchestra from the Jackson Symphony Orchestra in the future. To Chairperson Crist's question, Dr. Butler noted that classroom availability keeps classes in the evening and limits the number of facilities at which Jackson College can currently teach. To Trustee Simpson, he shared the potential for a lot of feeder programs with our 4-year partners through their involvement with Pell for All.

Mr. Frew shared that all student service employee job descriptions now say that all such employees will work in the prisons; this practice has been institutionalized.

**RSJ Prototype**
Ms. Kelly Crum provided an overview of the Ready Set Jet (RSJ) program (a summer bridge program) which has led to a 2-year prototype spanning Summer 2022 to Spring 2024. 38 RSJ students are now 34 returning students. Staff are already recruiting for the RSJ Summer 2023 program, in which members of the original 34 RSJ students are hoped to participate as mentors. She noted that Dr. Phelan had established a prototype of these 34 students to receive the same level of support for two years in order to evaluate the effectiveness of such a design, which could be scaled at a future time.

Ms. Crum shared with Chairperson Crist that most pathways participated in are general studies, but they are not limited to that. To Trustee Barnes' suggestion, Ms. Crum noted that businesses in the community are encouraged to check in with these students for potential recruitment. Vice Chairperson Patterson asked about the credentials required of instructors and mentors within the program, to which Ms. Crum responded is the same as for the instructors for the College in general.

**Mental Health**
Ms. Cindy Allen reported that college students experience higher rates of mental illness. During COVID, the Oasis Center continued to provide support to Jackson College students and employees, with a HIPAA compliant virtual option as well. Although back in-person, many students continue to prefer virtual assistance.

Ms. Allen highlighted that getting an appointment with a therapist in this area takes about 3 months. The Oasis Center, through partnerships with Family Services and Children's Aid, is able to offer 30 hours per week in person service with a 24/7 contact line.

Ms. Allen introduced Togetherall, a safe, online community to share feelings anonymously and get support to improve mental health and wellbeing. Jackson College is exploring this application.

She also highlighted Jackson College's security personnel and continuous safety procedures that keep the College campus safe. Trustee Simpson shared the sheriff department's support of Jackson College's security team and procedures. To Trustee

Barnes' point, the Jackson College campus is particularly unique by having the Oasis Center and Health Clinic on campus.

**OTHER BOARD ITEMS**

**Board Consideration: Annual Trustee Events Invitations**
Discussion ensued about the Board's attendance at annual community and national events, with a particular encouragement from Vice Chairperson Patterson to attend as many Jackson College sponsored events as possible.

**Policy Governance Practice Review**
Discussion ensued regarding recent, minor changes to the Open Meetings Act. Trustee Barnes noted that a Board the size of Jackson College's may convene (without decision-making) anytime outside of the regular Board meeting schedule.

**Spring Planning Session & ACCT Support**
Jackson College has been awarded a one-day retreat from the Association of Community College Trustee, to cover a topic of their choosing. Trustee Barnes suggested that this might be best to occur during the Board's Summer Retreat, possibly to include a critique by the ACCT of Jackson College's Board practices.

**Holiday Event Planning**
The Board discussed holding their annual holiday gathering once again at the Wickwire House.

**Ribbon Cutting – STEAM Factory & Baseball / Softball Fields**
President Phelan described the timeline for such ribbon cutting ceremonies to be held in Spring of 2023.

**MR. JOHN WILLIS: HISTORY OF JACKSON**
Mr. John Willis gave a stirring, invited presentation of the History of Jackson and historical disinvestment.

**PLUS / DELTA**
Trustee Barnes shared his appreciation for radical candor. Vice Chairperson Patterson shared her appreciation that the Board embraces open and honest conversation around difficult topics. Trustee Lake shared her appreciation for that as well. She, Trustee Hoffman, and Trustee Simpson thanked John Willis for his enlightening presentation. Trustee Hoffman agreed. Trustee Barnes suggested that Ms. Willis' presentation could be part of new Board member orientation going forward.

**ADJOURN**
**MOTION BY TRUSTEE HOFFMAN** "To adjourn." **TRUSTEES VOTED BY ROLL CALL VOTE: TRUSTEES BARNES, HEINS, SIMPSON, PATTERSON, HOFFMAN, LAKE AND CRIST VOTING AYE. MOTION PASSED UNANIMOUSLY.**
Meeting Adjourned at 11:48 am ET.

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

**Subject to be Discussed and Policy Reference:**

3.0 Declaration of Conflict of Interest*

***BOARD POLICY***: GOVERNANCE PROCESS: GP-09 Board Code of Conduct

**Description:**

Consistent with Board Policy, By-laws, and the standard Duty of Loyalty, this item is placed on the agenda for members to formally consider, and disclose any item on the agenda wherein they may have any apparent or actual conflict of interest. This duty standard also requires members to act transparently.

Should a conflict be present, it is requested that the member note the item in question, and abstain from any action concerning said item.

A roll call vote is required for this item.

**Resource Impact:**

None

**Requested Board Action:**

Roll Call Consideration of any actual or perceived conflict of interest with agenda items.

**Action Taken:**

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

**Subject to be Discussed and Policy Reference:**

4.0 Ownership Linkage

4.1 Public Comments (limit of 5 minutes per person)

***BOARD POLICY***: GOVERNANCE PROCESS: GP-11 Board Linkage with Ownership

**Description:**

This item is placed on the agenda for any citizen to provide comments to the Board of Trustees. This agenda item represents the only period during the Board Meeting wherein persons may address the Board directly. Public comments are limited to five (5) minutes per person, unless a significant number of people plan to speak, and, in that instance, the Board Chair may limit a person's comments to less than five (5) minutes.

The Chairperson may offer the following statement prior to persons offering comment:

"***When addressing the Board, speakers are asked be respectful and civil. Should speakers, who wish to address the Board on matters of an individual, personnel or student nature, are requested to first present such matters to the appropriate College department, in advance of presenting them to the Board.***

***Be advised that, as an on-going practice, the Board does not respond in this Board Meeting setting when the matter presented concerns personnel, student issues, or matters that are being addressed through the established grievance or legal processes, or otherwise are a subject of review by the Board of Trustees***".

**Resource Impact:**

None

**Requested Board Action:**

Receive comments from persons wishing to address the Board.

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 4.0 Ownership Linkage<br>4.2 Board & CEO Comments<br><br>***BOARD POLICY***: GOVERNANCE PROCESS: GP-07 Ownership Linkage Committee Terms of Reference |
| **Description:** |
| This item is placed on the agenda for members, as well as the CEO, to make any prefatory comments before engaging in the board agenda and deliberations. As such, members can use this item to offer any comments of a non-action-oriented nature for the edification of other members and/or the CEO. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Receive non-action item comments from members and/or the CEO. |
| **Action Taken:** |
| |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 4.0 Ownership Linkage<br>4.3 Ownership Linkage Committee Status<br><br>***BOARD POLICY***: GOVERNANCE PROCESS: GP-07 Ownership Linkage Committee Terms of Reference |
| **Description:** |
| This item is placed on the agenda for both Chairperson Crist and Trustee Lake to provide an update of the Ownership Linkage Committee and receive any Board comment.<br><br>To date, the Ownership Linkage Committee has met with 14 organizations within Jackson County. As requested by the Board, last month, the enclosed letter was sent to these participating organizations, offering gratitude for their participation in the listening sessions and providing them with information about how their input is being used toward construction of the Jackson College Strategic Agenda. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Consider update from Trustees regarding Ownership Linkage progress. |

Jackson COLLEGE

**OFFICE OF THE PRESIDENT**
2111 Emmons Road ● Jackson, MI 49201-8399
517.787.0809 ● www.jccmi.edu

November 1, 2022

Dear –

Permit me this opportunity to offer my sincere appreciation for your participation in Jackson College's most recent Ownership Linkage process. Our Board's governance model (Policy Governance) requires that recommendations for broad institutional direction be obtained from the "Owners" in our community, of which you are one, as a taxpaying citizen of Jackson County. Through numerous listening sessions by the Board's Ownership-Linkage Committee, which as you know is comprised of Jackson College Board of Trustees representatives - Chairperson John Crist and Trustee Donna Lake, your direction has been heard.

With a wide reach into the community, the Ownership-Linkage Committee was able to meet with members, particularly Board members, of the below organizations. (As you might imagine, there were additional organizations unable to participate logistically. We thank them also for their consideration.)

Recent Jackson College Ownership Linkage Participants:

- Big Brothers Big Sisters of Jackson County
- East Jackson Schools
- Jackson Area Manufacturers Association
- Jackson City Council
- Jackson County Board of Commissioners
- Jackson County Chamber of Commerce
- Jackson County Farm Bureau
- Jackson County Intermediate School District Board of Education
- Jackson Preparatory & Early College
- Jackson Public Schools
- Northwest Community Schools
- Summit Township
- United Way of Jackson County
- Vandercook Lake Board of Education

At both our Spring and Fall Planning sessions of 2022, the Board used owner feedback (largely provided by the aforementioned organizations) to assess how their current policies reflect the future-view and positioning recommendations of the Owners. In particular, they evaluated the Board's ENDs Policy for purpose of directing me, as their Chief Executive Officer, toward achievement. Below, you will find the Board's resulting updated ENDs policy:

**Jackson College exists so that:**

**All those who choose to enroll have learning opportunities that prepare them to be successful global citizens and contribute to community vitality at a cost that demonstrates wise and sustainable stewardship of resources.**

1. An increasing number of students complete degrees and obtain industry recognized credentials of value in the workplace.
   1.1. Graduates have the credentials that lead to employment that provides family-sustainable wages.

**OFFICE OF THE PRESIDENT**
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2. Students seeking to transfer to baccalaureate granting institutions have the requisite qualifications, skills and abilities for success at those institutions.
   2.1. Current and prospective students have accurate information about transfer agreements and opportunities.
3. Diverse populations of students experience learning and academic success responsive to their unique whole student needs.
   3.1. Educational opportunities exist for those that might not otherwise have them.
   3.2. Students have access to learning and academic support consistent with current technology and research.
   3.3. Students have ancillary support that meet their unique needs.
4. Students develop life and workplace skills.
   4.1. Students experience significant gains in their critical thinking, problem solving and written communication skills.
   4.2. Students have opportunities to develop leadership skills.
5. Economic and social well-being of the region is enhanced.
   5.1. Employers have properly qualified people available to meet their needs.
   5.2. Employers have avenues for employee training.
   5.3. The region has enhanced capacity for entrepreneurial innovation.
   5.4. The region has accessible resources that support civic engagement, community health and well-being, and reduced crime.
6. Residents have accessible resources to improve their quality of life.
   6.1. Lifelong learning opportunities are available to residents.
   6.2. Residents have resources for social, cultural, arts and wellness experiences.

Beginning in October, the Jackson College Leadership Council began building a list of important, strategic targets as they apply toward the achievement of the above updated Jackson College Board ENDs, to then be executed over the next 18 months.

These strategic targets will next be discussed with Jackson College employee groups to get feedback on possible agenda items, priority, focus, and process. In December, the Leadership Council will build the formal Strategic Agenda and timeline adding input from the employee listening sessions. By the first quarter of 2023, this Strategic Agenda will be deployed and updated thereafter at each quarterly Leadership Council planning session. Future budgets will be linked to this plan as well. We will provide you with occasional updates on our progress.

Thank you once again for helping Jackson College apply the voice of our Owners toward the Jackson College Strategic Agenda. You are an integral part in our Total Commitment to Student Success and mission: Together We Inspire and Transform Lives.

With respect and gratitude,

Daniel J. Phelan
President & CEO
Jackson College

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 5.0 Items for Decision<br>5.1 Governance Process<br>5.1.1 GP-06 Audit Committee Terms of Reference – Policy Review*<br>***BOARD POLICY***: GOVERNANCE PROCESS: GP-06 Audit Committee Terms of Reference |
| **Description:** |
| Linked for its regularly scheduled review is policy GP-06. It can be viewed here.<br><br>At this time, I am not recommending any changes, nor have I received any recommendations for change from members. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Consideration of approving or amending policy GP-06 Audit Committee Terms of Reference. |
| **Action Taken:** |
| |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 5.0 Items for Decision<br>5.1 Governance Process<br>5.1.2 GP-13 Special Rules of Order – Policy Review*<br><br>***BOARD POLICY***: GOVERNANCE PROCESS: GP-13 Special Rules of Order |
| **Description:** |
| Linked for its regularly scheduled review is policy GP-13 Special Rules of Order. It can be viewed here.<br><br>At this time, I am not recommending any changes, nor have I received any recommendations for change from members. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Consideration of approving or amending policy GP-13 Special Rules of Order |
| **Action Taken:** |
| |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 5.0 Items for Decision<br>5.2 Executive Limitations<br>5.2.1 EL-07 Compensation & Benefits – Policy Review*<br><br>***BOARD POLICY***: EXECUTIVE LIMITATIONS: EL-07 Compensation & Benefits |
| **Description:** |
| Linked for its regularly scheduled review is policy EL-07 Compensation & Benefits. It can be viewed here.<br><br>At this time, I am not recommending any changes, nor have I received any recommendations for change from members. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Consideration of approving or amending policy EL-07 Compensation & Benefits . |
| **Action Taken:** |
| |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| Subject to be Discussed and Policy Reference: |
|---|
| 5.0 Items for Decision<br>5.2 Executive Limitations<br>5.2.2 EL-09 Organization Culture – Policy Review*<br><br>***BOARD POLICY***: EXECUTIVE LIMITATIONS: EL-09 Organization Culture |
| **Description:** |
| Linked for its regularly scheduled review is policy EL-09 Organization Culture. It can be viewed here.<br><br>At this time, I am not recommending any changes, nor have I received any recommendations for change from members. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Consideration of approving or amending policy EL-09 Organization Culture. |
| **Action Taken:** |
| |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 5.0 Items for Decision<br>5.2 Executive Limitations<br>5.2.3 EL-07 Compensation & Benefits – Interpretations Review*<br><br>***BOARD POLICY***: EXECUTIVE LIMITATIONS: EL-07 Compensation & Benefits |
| **Description:** |
| Enclosed for its regularly scheduled review are my interpretations for policy EL-07 Compensation & Benefits. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Consideration of approving or amending my interpretations for policy EL-07 Compensation & Benefits. |
| **Action Taken:** |
| |

# Jackson College
# Board of Trustees

## MONITORING REPORT FOR EL – 07
## Compensation and Benefits
**DATE: 11.14.22**

**Board Policy is indicated in bold typeface throughout.**

I present this monitoring report regarding your Executive Limitations Policy: “Compensation and Benefits”, according to the schedule previously defined and approved by the Board. I certify that the information contained in herein is true and represents compliance, within a reasonable interpretation of the policy, unless specifically stated otherwise.
Interpretations are unchanged from the previous report, unless otherwise noted.

11.14.22

Daniel J. Phelan, Ph.D. — Date
~~President~~Chief Executive Officer

**POLICY STATEMENT: With respect to employment, compensation and benefits to employees, consultants, independent contractors and volunteers, the ~~President~~Chief Executive Officer shall not ~~cause, or~~cause or allow jeopardy to the College’s fiscal integrity or public image.**

INTERPRETATION:
I have interpreted that ‘*not causing or allowing jeopardy to the College’s fiscal integrity or public image*,’ relative to the use of volunteers, or with regard to employee and contractor compensation and benefits, to mean that such compensation and benefit programs should be morally just, competitive, based upon market assessments, and that the total cost, and the process for deployment, should not bring harm to the College’s ability to financially operate, nor should such actions result in *legitimate* public accusations suggesting mismanagement of Jackson College due to a factor over which the CEO has control. A legitimate case of mismanagement would likely involve decisions that were unlawful, imprudent, or in violation of commonly accepted business practices or professional ethics.

This is reasonable because, as a public body, Jackson College will always be a potential target for accusations of mismanagement by people unhappy with legitimate decisions with which they do not agree. Acceding to illegitimate or self-interested criticisms would make the organization reactive and jeopardize pursuit of the Ends. Limiting the scope to legitimate mismanagement seems appropriate.

~~I report full compliance with this policy statement unless specified within the following report.~~

1

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**Further, without limiting the scope of the above statement by the following list, the ~~President~~Chief Executive Officer shall not:**

**1. Change his/her own compensation and benefits.**

INTERPRETATION:

Compliance will be demonstrated when:

a) The ~~President's~~ Chief Executive Officer's compensation amount has been ~~verified~~ reviewed by the ~~Vice President of Finance~~ Chief Financial Officer and he/she verifies that the expended amount does match the approved amount established by the Board, and ~~also~~ likewise appears in ~~his~~ the CEO's contract.

b) The Chief Executive Officer's employment benefits have been reviewed by the Chief Operating Officer and he/she verifies that the utilized benefits do match that established by the Board, and likewise appears in the CEO's contract.

~~The PresidentChief Executive Officer's ordinary and necessary expenses match his employment contract.~~ This interpretation is reasonable because internal controls are used for verification of both salary and benefits of the CEO.

**2. Establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.**

INTERPRETATION:

Compliance will be demonstrated when:

~~INTERPRETATION:~~

~~d)~~b) The College's ~~Senior Vice President~~ Chief Operating Officer ~~for Talent & Human Resources/COO are~~is a member~~s~~ of the Michigan Community College Human Resource Association and annually engages in the listserv for a ~~best practice~~review of employee compensation and benefits ~~conversations~~.

~~e)~~c) The ~~President~~Chief Executive Officer and the ~~Senior Vice President/COO~~ Chief Operating Officer review post-secondary salary and compensation data obtained from the annual survey of the Chronicle of Higher Education, the American Association of Community Colleges, and the League for Innovation which provides normative data from a national perspective.

This interpretation is reasonable because institutional benchmarking is done to provide comparison data, and it is considered a viable and valid data source.

**2.1. Establish or change salary schedules and plans prior to monitoring to ensure compliance with the criteria in this policy.**

INTERPRETATION:

2

Compliance will be demonstrated when:

a) A salary schedule is prepared annually by the ~~President~~Chief Executive Officer is verified by ~~and~~ the ~~Senior Vice President/COO~~ Chief Operating Officer. Said ~~S~~salary schedule iss ~~are~~ established by the bargaining process with both unions.

~~f)~~b) A n administrative salary schedule is prepared annually by the Chief Executive Officer and is verified by the Chief Operating Officer. Said schedule is based upon the keystone of the salary of the CEO.

~~g)~~c) The Chief Operating Officer validates that the salary schedules that have been established, have not been changed prior to this period's monitoring.

These demonstrations are~~is~~ ~~is~~ reasonable because the internal verification is provided by the COO and the schedules are verifiable.

**3. Establish or change compensation and benefits that deviate from the current collective bargaining agreements.**

INTERPRETATION:

Compliance will be demonstrated when, in all cases other than in instances of national crisis and/or extraordinary inflation rates:

a) The College Comp~~n~~troller confirms that all employees, who are part of the collective bargaining agreements, have been paid ~~consistently with~~according to the ~~most recent~~current bargaining unit agreements.

**3.1. Finalize negotiated collective agreements which exceed parameters established by the Board of Trustees.**

INTERPRETATION:

Compliance will be demonstrated when:

a) ~~a)~~ The ~~President~~Chief Executive Officer discusses and sets contract parameters with the Board of Trustees, prior to the negotiations process.

~~-~~This interpretation is reasonable because it ~~includes~~ requires the pre-authorization of Trustees who will be aware i the pre-authorization was conducted ~~in the decision~~.

**3.2. Ratify collective agreements prior to monitoring to ensure compliance with the relevant criteria in this policy.**

INTERPRETATION:

Compliance will be demonstrated when:

3

a) T~~When t~~he College's Legal Council and the Chief Operating Officer confirm that the process of bargaining was withing policy parameters. Further, the ~~President~~Chief Executive Officer submits a monitoring report that the collective bargaining agreements are in compliance with 2, 4 and 5 in this policy.

This interpretation is reasonable because a monitoring report will be provided during periods when there are negotiations. Additionally, the agent of the Board, its Legal Counsel provides an external validation.

**4. Create obligations over a longer term than revenues can be safely projected.**

INTERPRETATION:

Compliance will be demonstrated when:

a) The ~~C~~compensation and benefits, agreed to within the letters of appointment for administrators, and the obligations created under union agreements, do not exceed the forecasted budget for the stated term of the agreement.

This interpretation is reasonable because the President is required to provide the Board with a three-year pro-forma budget that the board reviews as part of the annual budgeting process, thereby allowing for their verification as well. ~~there are internal controls in place.~~

**~~0.~~ Change retirement benefits, ~~such that the provision:~~or**

INTERPRETATION:

Compliance will be demonstrated when:

a) ~~a)~~ No new retirement benefits, beyond what is currently in the union agreements, or that are currently offered to Administrator are ~~introduced~~add to the College's overall employee benefit profile.

This interpretation is reasonable because ~~it confirms no change in retirement benefits~~ of the ability to validate any variation between union and administrative agreements and what is offered by the College.

**~~5.~~6. Promise or imply permanent or guaranteed employment.**

I have fully interpreted this within 6.1 and 6.2 (see below).

**6.1 Employ College administrators under a contract in excess of one year's duration.**

**6.2 Employ Executive Administration (i.e., Leadership Council) under a contract in excess of two year's duration.**

INTERPRETATION:
Compliance will be demonstrated when:

a) It is verified that ~~A~~all administrators are issued a letter of appointment in June for one-year.

b) It is verified that n~~N~~o members of Executive Administration are issued a contract for a period greater than two years.

This is reasonable because ~~it fits with~~ contractual verification is a valid and reliable practice ~~best practice in the higher education industry~~.

5

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 5.0 Items for Decision<br>5.2 Executive Limitations<br>5.2.4 EL-09 Organization Culture – Interpretations Review*<br><br>***BOARD POLICY***: EXECUTIVE LIMITATIONS: EL-09 Organization Culture |
| **Description:** |
| Enclosed for its regularly scheduled review are my interpretations for policy EL-09 Organization Culture. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Consideration of approving or amending my interpretations for policy EL-09 Organization Culture. |
| **Action Taken:** |
| |

**Jackson College Board of Trustees**

**MONITORING REPORT FOR EL – 09**
**Organization Culture**
**DATE: 11.14.22**

**Board Policy is indicated in bold typeface throughout.**

I present this monitoring report regarding the Board's Executive Limitations Policy: Organization Culture", according to the schedule previously defined and approved by the Board. I certify that the information contained in herein is true and represents compliance within a reasonable interpretation of the policy, unless specifically stated otherwise. Interpretations are unchanged from the previous report, unless otherwise noted.

11.14.22

Daniel J. Phelan, Ph.D. Date
~~President~~Chief Executive Officer ~~and CEO~~

**POLICY STATEMENT: The ~~President~~Chief Executive Officer shall not permit an organizational culture that lacks a high degree of integrity at all levels of the organization.**

INTERPRETATION:

Compliance will be demonstrated when the majority of Personal Management Interviews (PMIs), as well as PACE surveys affirm our institutional values and the integrity of the culture of a Total Commitment to Student Success (TCS2), given to the love care and service of others. Lagging indicators include the absence of whistle-blower reporting, as well as terminations related to poor employee behavior. Beyond this, the following items and related interpretations work to assure solid staff behaviors that indicate a strong level of integrity at the personal and organizational levels.

This is reasonable insofar as multiple instruments are used for the verification of the College's culture as being one of high integrity.

**Further, without limiting the scope of the above by the following list, the ~~President~~Chief Executive Officer shall not:**

1. **Operate without an enforced internal Code of Conduct, of which all employees are made aware, that clearly outlines the rules of expected behavior for employees**.

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1

Compliance will be demonstrated when:

~~a)~~ There is evidence that the ~~The~~ College not only has a Jackson College Code of Conduct and Ethics policy that is current and accessible to anyone, but that all employees have affirmed their compliance with same.~~.~~

b) Notices from Safe Colleges, a web-based training tool that includes safety and compliance topics, have been sent to all employees and a minimum of 95% of employees having~~have~~ completed the training.

This interpretation is reasonable because it follows industry best practices, and further that the Safe College's system ~~and~~ has built in ~~controls to confirm~~systems to determine if training is indeed completed.

**2. Permit employees and others to be without a mechanism for confidential reporting of alleged or suspected improper activities, without fear of retaliation.**

Compliance will be demonstrated when:
~~INTERPRETATION:~~

~~President~~Chief Executive Officer, or Trustee, to the Board Chair, Vice Chair or to the College Attorney, who reports directly to the Board.

~~f)~~b) There are clear processes in place for employees to register a concern, and for reporting and investigating allegations of suspected improper activities, which include but are not limited to: financial irregularities as well as ~~;~~ dishonest, deceitful, fraudulent or criminal acts,~~;~~ and other violations of federal and/or state legislation.

~~g)~~c) There is a system in place that, for those incidents that do not implicate the ~~President~~Chief Executive Officer, and in which case there is a conflict, and a direct reporting relationship between the person conducting the investigation, and the person alleged to have engaged in improper activities, for safe reporting.

~~h)~~d) There is a process in place that notifies employees, that if they make false claims or allegations that prove ~~not~~ to be unsubstantiated, and which prove to have been made maliciously, or knowingly to be false. These~~,~~ shall be viewed as a serious offence and shall be subject to disciplinary action, including termination from employment.

~~i)~~e) There is a process in place that ensures that no employee will be adversely affected because the employee refuses to carry out a directive which would result in an improper, illegal, immoral, or unethical activity.

This interpretation is reasonable because ~~there are~~of verifiable policy and procedural mechanisms ~~and processes~~ in place to ensure employees/~~and~~ others can report confidentially.

2

**not adhere to generally accepted ethical principles and policy.**

INTERPRETATION:

Compliance will be demonstrated when the College has a published policy and guidelines in place to distribute to individuals wishing to conduct research regarding the use of human cadavers, human subjects or animals.

This interpretation is reasonable given that such practice is consistent with common methods employed in the higher education community.

~~4.1.~~3.1. **Permit potential researchers to be without readily available guidelines for ethical research and assistance in identifying and solving ethical problems.**

INTERPRETATION:

Compliance will be demonstrated when, in such cases that research is conducted at Jackson College, that prior approval includes submission of ethical guidelines for all research work.~~:~~
~~The College has a published policy and guidelines in place to distribute to individuals wishing to conduct research regarding the use of human cadavers and human subjects~~
This interpretation is reasonable given that such practice is consistent with common methods employed in the higher education community.

~~This interpretation is reasonable because it ensures a policy and guidelines are in place.~~

INTERPRETATION:

Institutional Review Board ~~in pla~~and that it is used for independent, ethical review of all research work involving humans or animals~~ce~~.

This interpretation is reasonable because it establishes standard higher education internal controls to ensure the policy and guidelines are followed.

3

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 5.0 Items for Decision<br>5.3 Consideration of Community College National Legislative Summit<br>***BOARD POLICY***: EXECUTIVE LIMITATIONS: EL-08 Communication & Support to the Board |
| **Description:** |
| This time has been set aside for the Board to consider if they would like to attend the ACCT Community College National Legislative Summit – February 5-8, 2023. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Determination if the Board will attend the Summit. |
| **Action Taken:** |
| |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
| --- |
| 7.0 Monitoring CEO Performance<br>7.1 EL-04 Financial Conditions & Activities – Evidence Review*<br>***BOARD POLICY***: EXECUTIVE LIMITATIONS: EL-04 Financial Conditions & Activities |
| **Description:** |
| Enclosed for your review is the evidence (i.e., Monitoring Report) for EL-04 Financial Conditions & Activities.<br>You will note that my report indicates full compliance according to previously established and approved interpretations.<br>I will respond to any questions you have about the report. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Board consideration of, and agreement with the monitoring report and my policy compliance. |
| **Action Taken:** |
| |

# Jackson College
# Board of Trustees

**MONITORING REPORT FOR EL – 04**
**FINANCIAL CONDITIONS AND ACTIVITIES**
**DATE: 11/14/2022**

**Board Policy is indicated in bold typeface throughout.**

I hereby present this monitoring report regarding your policy: “Financial Conditions and Activities”, according to the schedule previously defined. I certify that the information contained in herein is true and represents compliance with a reasonable interpretation of the policy, unless specifically stated otherwise. Interpretations are unchanged from the previous report, unless otherwise noted.

11/14/2022

Daniel J. Phelan, Ph.D.
President and CEO

Date

**POLICY STATEMENT: With respect to the actual, ongoing financial conditions and activities, the Chief Executive Officer shall not cause or allow the development of fiscal jeopardy or actual expenditures that are not aligned with achievement of the Board’s Ends.**

I have interpreted “…financial conditions and activities that would cause the development of fiscal jeopardy…” in policy items 1, 1.1, 2, 3, 3.1, 4, 5, 6 and 7. Compliance with this opening statement will be demonstrated by the evidence collectively provided for the numbered policy statements, as well as the following:

Compliance with the policy statement means that the CEO will not allow expenditures not aligned with the achievement of the Board’s Ends.

The primary means of achieving the Board’s Ends (for students and community) are through; (a) the people who teach, provide student support services, ensure efficient administration, maintain facilities and grounds, keep the campus safe, and by those who manage housing. These people, and their associated work, constitute approximately 2/3 of the College’s expenditures; and (b) practical, operational expenditures including process of creating instructional programs, providing for instructional and operational technology, as well as providing for materials, rent, utilities & insurance, other related operating costs; which represents approximately 21% of the College’s annual budget.

**Further, without limiting the scope of the above policy statement by the following list, the Chief Executive Officer shall not:**

1. **Expend more funds than have been received in the current fiscal year unless the debt guideline below is met.**

INTERPRETATION:
I have interpreted that compliance is demonstrated when a review of the College's Monthly financial statements over a 12 month period, indicate that general fund income exceeded annual expenses.

EVIDENCE:

On November 7, 2022, the CFO confirmed that over a 12-month period, October 2021 through September 2022, general fund income exceeded expenses. Fiscal year 2022 ended with general fund income of $50,812,908 exceeding expenses by $719.00. In fiscal year 2023 general fund income through September has exceeded expenses by $3,726,196.00.

**1.1. Incur debt in an amount greater than can be repaid by certain, otherwise unencumbered revenues, within the current fiscal year, or that can be repaid to accounts previously established by the Board for that purpose.**

INTERPRETATION:

I interpret compliance will be demonstrated when the annual debt service schedule of all obligations is not greater than that which can be repaid within the year. Further,

a) No expenditures greater than $100,000 are made that were not included in the annual general fund budget, or in the annual five-year master plan. This is reasonable as an expenditure greater than this amount could not be covered by unencumbered revenues.
b) Annual expenditures on debt service do not exceed the Board approved budget.

EVIDENCE:

a) On 11/7/2022 the CFO confirmed that no expenditures over $100,000 were made without Board approval that were not included in the initial financial plans (budgets or five-year plans) approved by the Board.
b) On 11/7/2022 the CFO confirmed that debt expenses were within budget during this monitoring period (October 2021 thru September 2022).

2. **Use funds from restricted or designated accounts for purposes other than that for which the account was established.**

INTERPRETATION:

I have interpreted that compliance will be demonstrated when:

a) A review of the monthly financial statements confirm that the month end balance for the designated funds, which the board has set-aside for future operations, has not changed (declined) month to month during this monitoring period (October through September). This is reasonable insofar as the College's financial statements are the vehicle by which all financial transactions are summarized, within a reporting period.
b) An external review of restricted fund use is conducted and confirms use has been limited to intended use.

EVIDENCE:

a) On November 7, 2022, the CFO confirmed that through June 30, 2021 the designated funds balance set aside for future operations remained unchanged. The balance declined by $65,960 from June to July due to unrealized investment activity experienced through negative market value as of June 30, 2021.
b) The Annual Federal Awards Audit for 2021 listed an Immaterial Noncompliance/Significant Deficiency finding for restricted fund usage was completed and is listed on the transparency website.

3. **Allow the College's cash position in any month to be less than is needed to satisfy obligations in that month.**

INTERPRETATION:

I have partially interpreted this policy in item #3.0 as compliance being demonstrated when, in addition to the evidence for 3.1, a review of the monthly financial statements for the monitoring period confirms that the cash position of the College is positive. This is reasonable insofar as the College's financial statements are the vehicle by which all financial transactions are summarized, within a reporting period.

EVIDENCE:

On November 7, 2022, the CFO confirmed that during each month in the reporting period the College's cash position was positive and met all obligations.

**3.1** Allow a combined operating fund balance reserves to be less than the average of two months' operating expenses.

INTERPRETATION:

Compliance will be demonstrated when, in addition to the above, a review of the College's monthly financial reports, for the monitoring period, confirm that an amount equal to, or greater than 2/12ths or 16.6% of average monthly expenses, is held in reserve.

EVIDENCE:

On November 7, 2022, the CFO confirmed that during each month of the reporting period operating reserves was greater than two months of budget expenses.

**4. Allow the untimely payment of payroll and debts.**

INTERPRETATION:

I interpret compliance will be demonstrated when:

a) Employees are paid biweekly, which is consistent with payment schedule required by employment contract /labor agreement and appointment letters received by administrators. This is reasonable insofar as the College's payroll register is a principal vehicle to determine if employee compensation obligations are satisfied. Further, union contracts provide for grievance procedures to the College, should those represented by the union, go unpaid.
b) Vendors are paid weekly consistent with vendor contracts and bond debt is paid semi-annually according to internal controls and processes reviewed by our external auditor. This is reasonable insofar as the Board-selected auditor is an external, third-party review mechanism for determining if College obligations are satisfied.

EVIDENCE:

a) The CFO confirmed on 11/7/2022 that all employees have been paid biweekly in the monitoring period. Control Totals are compared to payroll reports to ensure all employees are being paid.
b) The CFO confirmed on 11/7/2022 that there are no known outstanding payments to vendors or bond debt payments.

**5. Write off receivables without having first aggressively pursued payment after a reasonable grace period.**

INTERPRETATION:

I have interpreted that compliance will be demonstrated when there is a process in place, which is annually reviewed by the Comptroller and CFO, which defines the College's process for past due payments from students which minimally includes in-house communication made to students who have an outstanding balance at the end of the semester allowing students to make payment arrangements or make payment in full up to 45 days. After 45 days, delinquent accounts are turned over to collections.

These steps are reasonable because they align with industry best practices.

EVIDENCE:

On 11/7/2022 the Comptroller and CFO confirmed that the process for past due payments is still in place and stored internally.

**6. Allow tax payments or other government ordered payments or reports to be overdue or inaccurately filed.**

INTERPRETATION:

I have interpreted that compliance will be demonstrated when:

a) The year-end informational reports, required by the IRS, are submitted timely and with no penalties.
b) Sales Use and Withholding Tax returns are submitted monthly by required deadline.
c) Quarterly 941 Reports have been submitted to the IRS.
d) Payroll withholding taxes are submitted on a biweekly basis that aligns with the payroll schedule.

This interpretation is reasonable as it addresses all required federal and state reporting requirements, timelines, and provides for verification of submissions.

EVIDENCE:

a) The CFO confirmed on 11/7/22 the year-end informational reports required by the IRS were submitted timely and with no penalties. In response to the 11/9/2020 EL-04 evidence report that referenced an appeal of a civil penalty from the IRS, resulting from us filing the 1095C late in 2017. Jackson College later received a letter from the IRS on January 4, 2021, removing the penalties.
b) The CFO confirmed on 11/7/22 that the monthly State of Michigan Sales Use and Withholding Tax Returns were completed.
c) The CFO confirmed on 11/7/22 that the Quarterly 941 Reports have been submitted.
d) The CFO confirmed on 11/7/22 that the payroll withholding taxes have been submitted on a biweekly basis.

**7. Acquire, encumber or dispose of land or buildings.**

INTERPRETATION:

I have interpreted that compliance will be demonstrated when the College's Comptroller confirms that there is no acquisition, encumbrance, or disposal of land or buildings outside of the Board-approved five-year master plan.

This is reasonable because it provides validation of compliance by the Comptroller, assuring that no such transactions have occurred.

EVIDENCE:

The Comptroller confirmed on 11/7/2022 there were no acquisition, encumbrance, or disposal of land or buildings outside the five-year master plan approved by the Board.

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
| --- |
| 7.0 Monitoring CEO Performance<br>7.2 EL-08 Communication & Support to the Board – Evidence Review*<br>***BOARD POLICY***: EXECUTIVE LIMITATIONS: EL-08 Communication & Support to the Board |
| **Description:** |
| Enclosed for your review is the evidence (i.e., Monitoring Report) for EL-08 Communication & Support to the Board.<br>You will note that my report indicates full compliance according to previously established and approved interpretations.<br>I will respond to any questions you have about the report. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Board consideration of, and agreement with the monitoring report and my policy compliance. |
| **Action Taken:** |
| |

**Jackson College**
**Board of Trustees**

**MONITORING REPORT FOR EL – 08 Communication and Support to the Board**
**DATE: 11/14/2022**

**Board Policy is indicated in bold typeface throughout.**

I hereby present this monitoring report regarding your Executive Limitations Policy: “Communication and Support to the Board”, according to the schedule previously defined and approved by the Board. I certify that the information contained in herein is true and represents compliance with a reasonable interpretation of the policy, unless specifically stated otherwise. Interpretations are unchanged from the previous report, unless otherwise noted.

11/14/2022

Daniel J. Phelan, Ph.D.
President and CEO

Date

**POLICY STATEMENT: The President shall not permit the Board to be uninformed or unsupported in its work.**

INTERPRETATION:

I declare full compliance with this policy statement unless specified within the following report.

**Further, without limiting the scope of the above statement by the following list, the President shall not:**

1. **Withhold, impede, or confound information relevant to the Board’s informed accomplishment of its job.**

I have interpreted that compliance with this statement to mean that there shall be no withholding of information, or impeding the flow of information to the Board, nor shall there be any confounding of information needed by the Board for its optimal functioning.

1.1. **Allow the Board to be without timely decision information to support informed Board choices, including regular updates on the status of the Board’s governance expenditures, environmental scanning data, and risk assessment.**

INTERPRETATION:

I have interpreted that compliance with this statement will be demonstrated when:

a) The annual budget includes allocations for the Boards expenses which are allocated as follows: Audit, Legal, Subscriptions, Professional Development, Telephones and Meeting Expenses.

b) The Board will be made aware if there are over expenditures in their overall annual governance budget.

c) The Board is provided with relevant context, as well as full disclosure as to the strengths and weaknesses of the item before the Board for their deliberation (e.g., relevant environmental scanning, risk assessment, etc.) when being asked to make decisions.

<u>EVIDENCE:</u>

a) On 11/2/22, the Chief Assistant to the President/CEO confirmed there are budget allocations in the FY ‘23 budget for the Board’s expenses. Specifically:

   a. Audit: $70,000
   b. Legal: $170,000
   c. Subscriptions: $33,000
   d. Telephones (Wi-Fi plans for iPads): $10,000
   e. Meeting Expenses: $7,000

b) There were instances of actual expenditures exceeding budgeted amounts. The previous budget neglected to include professional development funding, as requested. Further, the budget development process utilized historical calculations in setting budgeted amounts and thus did not account for increased costs related to legal and consulting services related to Policy Governance. In total, the excess to budget was: $142,431.89, however, these expenses were covered through reallocation from areas that were overbudgeted. Budget amounts for FY ’23 have been adjusted so as to better reflect the actual needs of the Board of Trustees.

c) At each Board Planning Session, members are provided with an internal and external context for agenda discussion. Additionally, over these past 12 months there has been an agenda item near the conclusion of each Board meeting such that the President can understand any feedback regarding provided environmental scanning and risk assessment (i.e., relevant context information) that the Board has, with said feedback recorded in the minutes.

**1.2. Neglect to submit timely monitoring data including interpretations of Board policies that provide the observable metrics or conditions that would demonstrate compliance, rationale for why the interpretations are reasonable and evidence of compliance.**

<u>INTERPRETATION:</u>

I have interpreted that compliance with this statement will be demonstrated when:

a) When monitoring reports are submitted to the Board as scheduled.

b) When the Board, in assessing the monitoring reports, concludes that each has sufficient evidence of reasonable interpretation, as well as documented metrics that allow for a determination of compliance.

EVIDENCE:

a) As of 11/3/22, Chief Assistant to the President/CEO confirmed that all 12 monitoring reports were presented to the Board within the calendar year as documented in the CEO Compliance Review table shared monthly with the Board.

b) As of 11/3/22, Chief Assistant to the President/CEO confirmed that all 12 Executive Limitation policy interpretations were approved by roll call vote of the Board within the calendar year indicating sufficient evidence of reasonable interpretation.

   Additionally, including the documented metrics included in this EL-08 monitoring report that allow for a determination of compliance, all 12 Executive Limitation policies were presented within the calendar year with metrics that allowed for the determination of compliance. (10 monitoring reports have been approved as fully compliant by roll call vote of the Board; One monitoring report was approved as partially compliant by roll call vote of the Board, and this EL-08 monitoring report remains to be evaluated at the November 14, 2022 Board meeting.)

**1.3. Let the Board be unaware of any actual or anticipated non-compliance with any Ends or Executive Limitations policy, regardless of the Board's monitoring schedule.**

INTERPRETATION:

I have interpreted that compliance with this statement will be demonstrated when:

The Chief Executive Officer has informed the Board when there is anticipated, and/or actual non-compliance of any EL or Ends policy, and that such communication has been documented.

EVIDENCE:

As of 11/3/22, Chief Assistant to the President/CEO confirmed that one monitoring report (EL-12 Land Use) was presented as partially compliant as documented in the minutes of the April 11, 2022 Board meeting (due to the master plan needing to begin in FY'23, post-pandemic, following the installation of the Space Observatory, the Auxiliary Gym, and the Field Support facility).

**1.4. Let the Board be unaware of any incidental information it requires, including:**

- **Anticipated media coverage;**
- **Actual or anticipated legal actions;**
- **Material or publicly visible internal changes or events, including**

**changes in executive personnel;**

- **Anticipated noncompliance with federal law, state law or local;**
- **Quarterly financial statement;**
- **Annual year-end financial report; or**
- **Names and titles of two executive administration members familiar with Board and presidential matters and processes.**

INTERPRETATION:

I have interpreted that compliance of this statement will be demonstrated when:

a) The Chief Executive Officer regularly provides *Trustee Briefings* to the Board that include the above-mentioned items, as needed. Further, additional email communications, and/or phone calls are deployed when necessary to inform Trustees of any urgent matters.

b) Monthly financial statements, year-end financials, and annual audit reports are available and accessible online.

c) Quarterly financial statements are presented to the Board by the Chief Executive Officer.

EVIDENCE:

a) Trustee Briefings are regularly provided to the Board via e-mail, with the latest briefing having been sent on 9/24/22 as confirmed by the Chief Assistant to the President/CEO.

b) On 11/3/22, Chief Assistant to the President/CEO confirmed that the year-end financial report for FY'21 and 2021 Federal Awards Audit are available online, with both for FY'22 able to be posted following the November 14, 2022 Board meeting. The monthly reports are all available online as well on the Board's meeting page.

c) On 11/3/22, Chief Assistant to the President/CEO confirmed that quarterly financial reports were presented to the Board in the monitoring period as follows:
    1. April 11, 2022 – February 2022 Financial Report
    2. September 12, 2022 – June 2022 Financial Report
    3. October 10, 2022 – September 2022 Financial Report

**1.5. Allow the Board to be unaware that, in the President's opinion, the Board is not in compliance with its own policies on Governance Process and Board-Management Delegation, particularly in the case of Board behavior which is detrimental to the work relationship between the Board and the President.**

INTERPRETATION:

I have interpreted that compliance of this statement will be demonstrated when:

a) The Board is notified electronically or verbally reminded at a meeting (and recorded in minutes) that they are out of compliance established Board policy(ies).

b) During the Summer Board Retreat, time is provided to discuss Board/Chief Executive Officer's innerworkings, policy governance practice, and policy compliance.

EVIDENCE:

a) For the 12 preceding months, the President & CEO confirms that no board meetings have reflected a lacking compliance by members with the principles of Policy Governance. The President did express concern about matters raised at the Fall 2022 Board Planning Session regarding the handling of two former employees, which he expressed to the Board Chairman.

b) Annual Summer Board Retreats are held for the express purpose of discussing the operations of the Board and President. The minutes of these retreats are online, including those for the August 12, 2022 Summer Board Retreat, as confirmed on 11/3/22 by Chief Assistant to the President/CEO.

**1.6. Present information in unnecessarily complex or lengthy form, or in a form that does not clearly differentiate among monitoring, decision preparation, and general incidental or other information.**

INTERPRETATION:

I have interpreted that compliance with this statement will be demonstrated when:

a) Board meeting pack content is clear and labeled appropriately so Trustees know what items are for decision making or informational only. Further, each item shall include a coversheet that outlines the issue before the Board and what is being asked of them regarding the item.

b) Each Board agenda includes an item regarding the quality and relevance of information presented.

EVIDENCE:

a) Board meeting packs, posted on Diligent Boards, include cover sheets that contain sections illustrating the agenda item's policy relevance, context, and if there is a "Requested Board Action." On 11/3/22, Chief Assistant to the President/CEO reviewed the meeting packets for the monitoring period to confirm this piece of information was being included.

b) Board meeting agendas include an item at the end so the President can hear any feedback the Board has, and this feedback is recorded in the minutes. On 11/4/22, Chief Assistant to the President/CEO reviewed the meeting packets for the monitoring period to confirm this piece of information was being included.

**2. Allow the Board to be without reasonable administrative support for Board activities.**

INTERPRETATION:

I have interpreted that compliance with this statement will be demonstrated when, in addition to evidence to 2.1 and 2.2:

a) An individual is identified, by the Chief Executive Officer, to provide administrative support to the Board for all reasonably requested items, including but not limited to, Board meeting preparation, taking of meeting minutes, policy storage and professional development arrangements.

EVIDENCE:

a) The President has assigned the Chief Assistant to the President/CEO to provide all requested and assigned support to all Board members. Email communications between members and the Chief Assistant, reflect reasonable levels of support are provided to members.

**2.1. Allow the Board to be without a workable, user-friendly mechanism for official Board, officer or Board committee communications.**

INTERPRETATION:

I have interpreted that compliance with this statement will be demonstrated when:

a) Board members are provided with a college-owned device for board meetings and communications.
b) Board members have access to a dedicated system to access their board meeting packs and other resources (Diligent Board Books).

EVIDENCE:

a) Board members are provided a college issued iPad that contains the necessary software available to access board meeting materials and email. These iPads are equipped with a Wi-Fi plan that provide internet connection. A refresh of equipment is planned in FY ’23.
b) Board members each have a login to Diligent Board Books, which is a Board Portal Software used for meetings materials.

**2.2. Allow the Board to be without administrative support to assist the Secretary of the Board in achieving the Secretary’s assigned results.**

INTERPRETATION:

I have interpreted that compliance will be demonstrated when:

a) An individual is identified by the Chief Executive Officer to provide administrative support to the Board for all requested items including, but not limited to, Board meeting preparation, taking of meeting minutes, policy storage and professional development arrangements.

EVIDENCE:

a) Based upon Policy Governance principles, there is no longer a Secretary to the Board, with the Board Chair performing that function. The Chief Executive Officer has assigned the Chief Assistant to the President/CEO to document all board meetings, as well as to provide all requested and assigned support to all Board members. [Note: Policy 2.2 will be proposed for change, to reflect the aforementioned, during the next review cycle].

**3. Impede the Board's holism, misrepresent its processes and role, or impede its lawful obligations.**

INTERPRETATION:

I have interpreted that compliance with this statement will be demonstrated when:

a) The Chief Executive Officer does not interfere with the Board's "one voice", its policy governance processes, or it's legal, fiduciary, and ownership linkage responsibilities.

EVIDENCE:

a) The CEO and the Board have undertaken extensive professional development in Policy Governance over the past year utilizing a consultant and board training. Indeed, the CEO has become certified in the use of Policy Governance, its construction, and operational practices.
b) The Board is the direct contractor of the College's auditor and legal counsel, with contracts on file in the Business Office and the Talent office respectively. Both of the contractors annually present the nature of their work directly to the board.
c) Representative members of the Board (i.e., the Ownership-Linkage Committee) are directly engaged in Ownership-Linkage connections and communications, with meeting results on file, and discussions during board meetings recorded.

**3.1. Deal with the Board in a way that favors or privileges certain Board members over others, except when (a) fulfilling individual requests for information or (b) responding to officers or committees duly charged by the Board.**

INTERPRETATION:

I have interpreted that compliance with this statement will be demonstrated when:

a) The Chief Executive Officer confirms that he/she has not favored any trustee over another.

b) The Board Chairperson confirms that they have not received any notice from Board members as to their belief that one or more members are favored over others.

EVIDENCE:

a) On 11/4/22, the Chief Executive Officer confirmed that they have not favored any trustee over another.

b) On 11/4/222, the Board Chairperson confirmed that they have not received any notice from Board members as to their belief that one or more members are favored over others by the CEO.

**3.2. Neglect to supply for the Required Approvals agenda all items delegated to the President, yet required by law, regulation or contract to be Board-approved, along with the applicable monitoring information.**

INTERPRETATION:

I have interpreted that compliance with this statement will be demonstrated when:

a) Items for required approval from the Board Planning Cycle and Agenda policy appear on the meeting agendas.

EVIDENCE:

As required, (for those organizations not acknowledging the structure of Policy Governance) items requiring Board Approval appear on the agenda, under the Required Approvals section, and these are noted in minutes. On 11/3/22, Chief Assistant to the President/CEO reviewed the meeting agendas and minutes for the monitoring period to confirm this piece of information was being included.

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President

| **Subject to be Discussed and Policy Reference:** |
|---|
| 7.0 Monitoring CEO Performance<br>7.3 CEO Compliance Review<br>***BOARD POLICY***: BOARD-CEO DELEGATION: BCD-04 Monitoring President Performance |
| **Description:** |
| Enclosed is the report that provides an update on my monitoring reports, presented to the Board over the preceding 12 months with the compliance status noted. When 'partial compliance' is indicated, the expected date of full compliance is noted. Oftentimes, this is due to factors beyond my control (i.e., timing). |
| **Requested Board Action:** |
| Discussion surrounding the President's compliance review. |
| **Action Taken:** |
| |

# President/CEO Monitoring Report Compliance

# Jackson College

| Policy | Date Monitoring Report Presented | Presented as Compliant? Yes/No Partial | Deficient Items? | Expected Date for Full Compliance | Date Deficiencies corrected | Extenuating Circumstances | Board's Formal Judgement |
|---|---|---|---|---|---|---|---|
| E – 01 Board Ends | 8.8.22 | Yes | n/a` | n/a | n/a | n/a | Compliant 8.8.22 |
| EL – 00 General Executive Constraint | First presented 6.13.22, with evidence follow-up 9.12.22 | Yes | As this was the first review of the policy, only the interpretations were available for review 6.13.22. Evidence was reviewed on 9.12.22. | n/a | n/a | No capacity for monitoring as scheduled in September 2021. | Compliant 9.12.22 |
| EL – 01 Treatment of Students | 10.10.22 | Yes | n/a | n/a | n/a | n/a | Compliant 10.10.22 |
| EL – 02 Treatment of Staff | 4.11.22, - Fully Compliant Follow-up 9.12.22 | Yes | n/a | n/a | n/a | n/a | Compliant 4.11.22 and 9.12.22 |
| EL – 03 Planning | 8.8.22 | Yes | | n/a | n/a | n/a | Compliant 8.8.22 |
| EL – 04 Financial Conditions & Activities | 11.14.22 | Yes | n/a | n/a | n/a | n/a | Compliant 1.11.21 |

# President/CEO Monitoring Report Compliance

# Jackson College

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| EL – 05 Asset Protection | 5.9.22 | Yes | n/a | n/a | n/a | n/a | Compliant 5.9.22 |
| EL – 06 Investments | 5.9.22 | Yes | n/a | n/a | n/a | n/a | Compliant 5.9.22 |
| EL – 07 Compensation and Benefits | 1.10.22 (Mtg. cancelled) 2.14.22 | Yes | n/a | n/a | n/a | n/a | Compliant 2.14.22 |
| EL – 08 Communication & Support to the Board | 11.14.22 | Yes | n/a | n/a | n/a | n/a | Compliant 11.9.20 |
| EL – 09 Organization Culture | 1.10.22 (Mtg. cancelled) 2.14.22 | Yes | n/a | n/a | n/a | n/a | Compliant 2.14.22 |
| EL – 10 Access to Education | 2.14.22 | Yes | n/a | n/a | n/a | n/a | Compliant 2.14.22 |
| EL – 11 Entrepreneurial Activity | 3.14.22 | Yes | n/a | n/a | n/a | n/a | Compliant 3.14.22 |

# President/CEO Monitoring Report Compliance

# Jackson College

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| EL – 12 Land Use | 4.11.22 – Partially Compliant | No Partial | Item 1: A master plan begun, and will be updated following the installation of the Space Observatory, but is anticipated to begin in FY '23, post-pandemic. | FY'23 | | Installation of the Space Observatory not anticipated to begin until FY '23, post-pandemic. | Partially Compliant 4.11.22 |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
| --- |
| 9.0 Information Requested by the Board<br>9.1 Audit Report<br><br>***BOARD POLICY***: EXECUTIVE LIMITATIONS: EL-05 Asset Protection |
| **Description:** |
| Based upon recommendations of the Board's Audit Committee, the audit documents are being presented to the board for your review. Representatives from the Rehman auditing firm will be present to respond to any questions you may have.<br><br>Please note that the specialty audit, requested by the board, will not be available until the January 2023 Board meeting. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Review of the annual audit documents. |
| **Action Taken:** |
| |

Jackson College

Years Ended June 30, 2022 and 2021

# Annual Financial Report

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# JACKSON COLLEGE

## Table of Contents

# JACKSON COLLEGE

## Management's Discussion and Analysis - Unaudited

Management's discussion and analysis of ***Jackson College's*** (the "College") financial statements provides an overview of the College's financial position as of June 30, 2022, 2021, and 2020 and its activities for the years then ended. The College's management has prepared and is responsible for the financial statements and the related footnote disclosures, along with the discussion and analysis.

**Using the Annual Financial Report**

This annual financial report includes this management's discussion and analysis and other required supplementary information, the report of independent auditors, the basic financial statements in the above referred format, and notes to financial statements. Following the basic financial statements and notes are supplementary schedules, consisting of the Combining Statements of Net Position and Combining Statements of Revenues, Expenses, Transfers and Changes in Net Position. These supplementary schedules are required by the State of Michigan. Though Governmental Accounting Standards Board ("GASB") does not require this information for a fair and complete presentation, supplemental schedules do provide additional information regarding the various funds and activities of the College that is not presented in the basic, entity-wide statements.

**Financial Highlights**

The audited financial statements for Jackson College include the complete presentation of net position and changes therein. However, the traditional emphasis has been on the General Fund, or the portion of the institution primarily concerned with instruction and its support. It is this fund that the State of Michigan uses in its appropriation allocation each year. The following revenues and expenses sections of this analysis detail this portion of our operations, considering its importance to the overall health of the College.

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

One of the most important questions asked about the College's finances is, "Is Jackson College as a whole better or worse off from a financial standpoint as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that attempts to answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. These two statements report the College's net position and changes in them during each fiscal year presented.

The College's net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) is a way to measure the College's health, or financial condition. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. Many other non-financial factors, such as the trend in College applicants, student retention, condition of the buildings, and strength of the faculty and academic programming need to be considered to assess the overall health of the College.

## JACKSON COLLEGE

### Management's Discussion and Analysis - Unaudited

These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by private-sector institutions.

| | Condensed Statements of Net Position | | |
|---|---|---|---|
| | June 30, | | |
| | 2022 | 2021 | 2020 |
| **Assets** | | | |
| Current and other assets | $ 37,869,304 | $ 33,664,205 | $ 34,178,022 |
| Capital assets, net | 78,939,885 | 76,957,164 | 70,654,296 |
| **Total assets** | **116,809,189** | **110,621,369** | **104,832,318** |
| **Deferred Outflows of Resources** | | | |
| Deferred charge on refunding | 292,010 | 352,978 | 413,946 |
| Deferred pension amounts | 3,297,064 | 5,598,434 | 7,822,795 |
| Deferred OPEB amounts | 1,264,275 | 1,826,836 | 1,793,736 |
| **Total deferred outflows of resources** | **4,853,349** | **7,778,248** | **10,030,477** |
| **Liabilities** | | | |
| Current and other liabilities | 27,055,131 | 40,270,167 | 43,611,627 |
| Long term debt | 31,500,121 | 34,722,590 | 37,870,062 |
| **Total liabilities** | **58,555,252** | **74,992,757** | **81,481,689** |
| **Deferred Inflows of Resources** | | | |
| Deferred pension amounts | 10,224,688 | 3,778,761 | 4,150,243 |
| Deferred OPEB amounts | 5,308,397 | 4,245,327 | 3,155,963 |
| **Total deferred inflows of resources** | **15,533,085** | **8,024,088** | **7,306,206** |
| **Net position** | | | |
| Net investment in capital assets | 47,731,774 | 42,587,552 | 43,226,537 |
| Restricted | | | |
| Nonexpendable | 34,177 | 35,147 | 29,930 |
| Expendable | 477,120 | 361,628 | 380,898 |
| Unrestricted deficit | (668,870) | (7,601,555) | (17,562,465) |
| **Total net position** | **$ 47,574,201** | **$ 35,382,772** | **$ 26,074,900** |

## JACKSON COLLEGE

### Management's Discussion and Analysis - Unaudited

The College's net position increased $12,191,429 for the June 30, 2022 fiscal year. Excluding the impacts of GASB 75 and GASB 68 contained in the pension and OPEB liability fund and the impact of the COVID-19 relief funds reported in the CARES fund, the College's net position increased by $8,683,225. The increase was mainly attributable to the plant fund as the College invested in the future maintenance and construction needs. The College's net position increased $9,307,872 for the June 30, 2021 fiscal year. Excluding the impacts of GASB 75 and GASB 68 contained in the pension and OPEB liability fund and the impact of the COVID-19 relief funds reported in the CARES fund, the College's net position increased by $7,946,346. The increase was mainly attributable to the plant fund as the College invested in the future maintenance and construction needs by transferring excess revenues over expenditures from the general fund to the plant fund. These excess revenues over expenses were the result of cost reductions due to virtual operations.

| | Condensed Statements of Revenues, Expenses and Changes in Net Position | | |
|---|---|---|---|
| | Year Ended June 30, | | |
| | 2022 | 2021 | 2020 |
| **Operating revenues** | | | |
| Tuition and fees, net | $ 8,555,101 | $ 8,600,320 | 14,063,788 |
| Grants and contracts | 5,322,991 | 3,849,746 | 3,132,463 |
| Potter Center activities | 308,072 | - | 296,380 |
| Other operating revenues | 3,683,573 | 2,820,285 | 3,768,667 |
| **Total operating revenues** | **17,869,737** | **15,270,351** | **21,261,298** |
| **Operating expenses** | | | |
| Instruction | 13,021,326 | 13,881,139 | 16,918,041 |
| Information technology | 3,174,916 | 2,749,327 | 2,893,653 |
| Public service | 815,188 | 505,024 | 962,647 |
| Academic support | 2,384,254 | 2,280,615 | 2,470,696 |
| Student services | 12,159,823 | 9,795,149 | 5,917,218 |
| Administration | 6,969,454 | 4,938,569 | 5,210,660 |
| Operation and maintenance of plant | 8,141,177 | 5,571,081 | 5,668,893 |
| Depreciation and amortization | 4,582,763 | 4,543,139 | 4,728,010 |
| **Total operating expenses** | **51,248,901** | **44,264,043** | **44,769,818** |
| **Operating loss** | **(33,379,164)** | **(28,993,692)** | **(23,508,520)** |
| **Nonoperating revenues (expenses) and other revenues** | | | |
| State appropriations | 13,809,638 | 13,282,008 | 11,830,467 |
| Local property taxes | 5,621,776 | 5,462,111 | 5,301,939 |
| Federal Pell grant revenue | 7,444,487 | 8,350,044 | 9,098,781 |
| Private gifts and grants | 121,918 | 318,765 | 206,000 |
| Federal HEERF grant revenue | 15,858,643 | 10,136,178 | - |
| Federal CRF grant revenue | - | 1,429,600 | 201,387 |
| Capital gifts and grants | 859,529 | 301,704 | - |
| Special item | 2,802,452 | - | - |
| Other | (947,850) | (978,846) | (2,140,354) |
| **Net nonoperating revenues and other revenues, net** | **45,570,593** | **38,301,564** | **24,498,220** |
| **Increase in net position** | **12,191,429** | **9,307,872** | **989,700** |
| Net position, beginning of year | 35,382,772 | 26,074,900 | 25,085,200 |
| **Net position, end of year** | **$ 47,574,201** | **$ 35,382,772** | **$ 26,074,900** |

## JACKSON COLLEGE

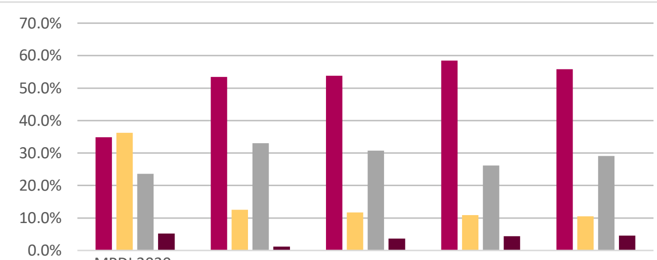
### Management's Discussion and Analysis - Unaudited

**Revenues**

GASB guidelines require State appropriations, property tax revenues and Federal Pell grant revenue to be reported as nonoperating revenues. Management views, and has always viewed, major revenues to the College such as State appropriations, local property taxes and Pell grants as operating revenues. These dollars would not be received by the College to fund operating expenses if educational classes were not offered. Therefore, management believes these revenues should be applied directly to the operating costs that are associated with them for internal analysis purposes.

Each year the 28 Michigan public community colleges are required to submit data that is the basis of the Michigan Postsecondary Data Inventory (MPDI) Data Book. The Community College Appropriations Act assigns primary responsibility for data collection to the Center for Educational Performance and Information. In addition to appropriations, the data in the MPDI Data Book is used to derive comparisons among community colleges on a number of significant issues that relate to institutional concerns. The 2020-21 MPDI Data Book reveals the following state averages for the year. Four years of Jackson College information is included for comparison. These are comparisons of general fund revenues, as these are the numbers used in the State reports. Capital Outlay is not included in the State MPDI reports as these are recorded in Plant Funds and these operational reports only include the General and Designated Funds. The College generated General Fund revenues of $44,819,985, $45,745,730 and $46,633,952 in 2022, 2021 and 2020, respectively.

**General Fund Revenue Sources: Comparison of JC and Statewide Averages**




| | MPDI 2020-2021 | JC 2021-2022 | JC 2020-2021 | JC 2019-2020 | JC 2018-2019 |
|---|---|---|---|---|---|
| Tuition and Fees | 34.9% | 53.4% | 53.9% | 58.5% | 55.8% |
| Property Tax | 36.3% | 12.5% | 11.7% | 10.9% | 10.5% |
| State Aid | 23.6% | 33.0% | 30.8% | 26.2% | 29.1% |
| Other | 5.2% | 1.1% | 3.6% | 4.4% | 4.6% |

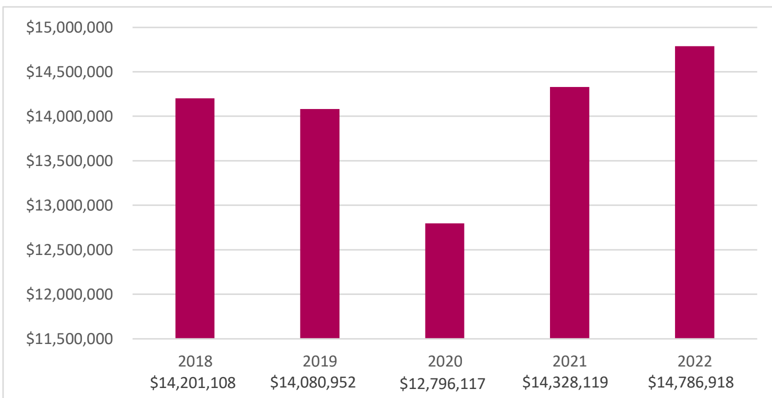
## JACKSON COLLEGE

### Management's Discussion and Analysis - Unaudited

**State Appropriations**

Accounting guidelines issued by the GASB obligate the College to report State appropriations source as nonoperating income. Generally, the State of Michigan includes the Appropriation to Community Colleges Act in its annual budget, which is approved just prior to the beginning of the State's fiscal year, October 1. The College received $14,786,918 in fiscal year 2022, of this total, $977,280 was received and paid to the State of Michigan towards the unfunded actuarial accrued liability of the Michigan Public School Employees Retirement System and $268,828 was received from the State of Michigan as a Personal Property Tax Reimbursement. The College received $14,328,119 in fiscal year 2021, of this total, $1,046,111 was received and paid to the State of Michigan towards the unfunded actuarial accrued liability of the Michigan Public School Employees Retirement System and $279,862 was received from the State of Michigan as a Personal Property Tax Reimbursement. The graph below reflects the amount of State Appropriations received by the College that were reported as revenue in the general fund.

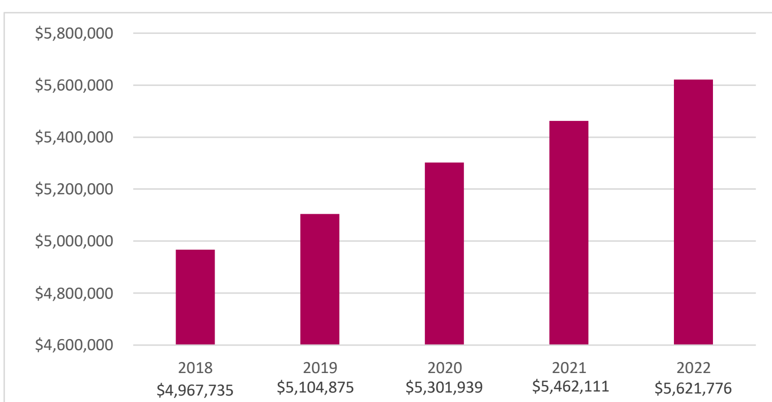
**State Appropriations to Jackson College**




**Property Taxes**

Only 12.5% of MPDI revenues come from property taxes from Jackson County. The other community colleges like JC that depend heavily on State appropriations also have in common a low percentage of their General Fund revenue being derived from property taxes. The State average is 36.27%. No new attempt to adjust the voted millage rate was made during the current fiscal year. No millage increase has been approved by the voters of Jackson County since the charter millage of 1.33 in 1964. The current millage rate as adjusted by the Headlee override to 1.1351 is the lowest in the State. Property tax revenues related to real estate have showed an increase as property values begin to slowly increase and past due tax bills get paid. In both 2022 and 2021, the overall property tax revenue increased slightly as property values increased.

**Property Tax Revenues to Jackson College**



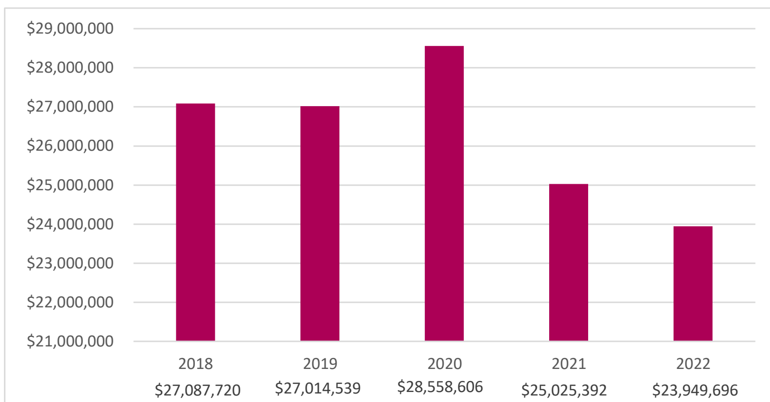
## JACKSON COLLEGE

### Management's Discussion and Analysis - Unaudited

**Tuition and Fees**

$15,394,595, $16,425,072 and $14,494,818 of scholarship allowances against tuition and fees represent amounts paid by grants, resulting in a "discount rate" of 64.3%, 65.6% and 50.8% for fiscal 2022, 2021 and 2020, respectively. The bulk of the scholarship allowance is Federal Pell awards which were $7,444,487, $8,350,044 and $9,098,781 for fiscal 2022, 2021 and 2020, respectively. For purposes of this analysis, to show trends over time, the following chart presents gross tuition and fees. The College experienced a decrease of 4.3% from this source of revenue in the current year as compared to fiscal 2021. The scholarship allowances decreased by $1,030,477 or 6.27%. This decrease was due to the Institutional Higher Emergency Education Relief Funds to provide student scholarships for online course fees being removed as the funds were fully expended. The College experienced a decrease of 12.4% from this source of revenue in 2021 as compared to fiscal 2020. The scholarship allowances increased by $1,930,254 or 13.32%. This large increase was due to the College using Institutional Higher Education Emergency Relief Funds to provide student scholarships for online course fees while the College offered mainly online courses as well as new State grant programs for students including Futures for Frontliners.

**Gross Tuition and Fees Revenues**

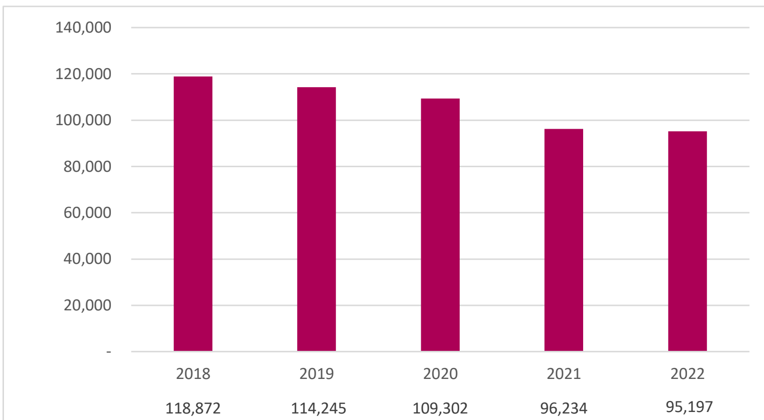


## JACKSON COLLEGE

### Management's Discussion and Analysis - Unaudited

There was a 1.08% decrease in the amount of billing contact hours generated in 2022. While this is a decrease, it is 13.6% above the orginally budgeted BCH for fiscal 2022 and ahead of where the College anticipated finishing the year. There was a 11.96% decrease in the amount of billing contact hours generated in 2021. While this was a large decrease, it was close to the orginally budgeted BCH for fiscal 2021 and ahead of where the College anticipated finishing the year. The COVID-19 pandemic contiues to make enrollment projections challenging, but the College remains conservative in our estimates and focused on our efforts in total committment to student success.The COVID-19 pandemic  and its residual effects continue to make enrollment projections challenging, but the College remains conservative in our estimates and focused on our efforts in total committment to student success. The College began to implement a comprehensive enrollment management plan that focuses on recruitment and retention. The College continues to focus on recruiting students of color, international students, graduating high school seniors and dual enrolled students.

**Total Billing Contact Hours by Fiscal Year**




| Jackson College<br>Enrollment by Semester and Fiscal Year | | | | |
|---|---|---|---|---|
| | Billing Hours | | | |
| | Fall | Spring | Summer | Total |
| **Fiscal Year** | | | | |
| 2022 | 40,474 | 37,830 | 16,893 | 95,197 |
| 2021 | 41,477 | 37,384 | 17,373 | 96,234 |
| 2020 | 49,362 | 45,213 | 14,727 | 109,302 |
| 2019 | 49,168 | 46,014 | 19,063 | 114,245 |
| 2018 | 52,464 | 47,651 | 18,757 | 118,872 |

Tuition rates continued to rise, offsetting the small millage rate the local tax payers pay. Increases are detailed below.

| Jackson College<br>Hourly Tuition Rates | | | |
|---|---|---|---|
| | In District | Out of District | Out of State |
| **Fiscal Year** | | | |
| 2022 | $ 168.00 | $ 190.00 | $ 327.00 |
| 2021 | $ 163.46 | $ 245.19 | $ 326.91 |
| 2020 | $ 160.25 | $ 240.38 | $ 320.50 |
| 2019 | $ 152.80 | $ 229.20 | $ 305.60 |
| 2018 | $ 145.00 | $ 217.00 | $ 290.00 |

## JACKSON COLLEGE

### Management's Discussion and Analysis - Unaudited

**Other Operating Revenues**

Potter Center activities, revenue and expenses, increased as shows and events returned to campus as COVID-19 restrictions were lifted and the pandemic is waning. Housing revenue was increased 18.5% in fiscal 2022 more students returned to campus and in person instruction, after decreasing significantly during fiscal 2021 as the pandemic required the College to limit housing students to maintain social distancing protocols. Contract training revenue increased in fiscal 2022 as the College was able to offer more trainings as the COVID restrictions lifted, while contract training revenue decreased significantly in fiscal year 2021 as the pandemic limited the amount of training that the College was able to offer. In fiscal year 2022, the College moved to take the book store operations in house rather than continuing to contract with an outside vendor and the revenues are recorded in the Bookstore Revenue line. The revenues for hospitality services increased dramatically as the College returned to in-person operations in July of 2021.

**Expenses**

Compared to statewide averages for the general fund, the College is relatively close to its peers. Please note that the State of Michigan does not include depreciation as an “operating cost”. The College continues to increase its attention to the instructional efforts and Student Services as that is the large part of our total commitment to student success.

The expenses under public service are higher than the statewide average due to the cultural affairs program, which includes the music hall events.

**Jackson College Expenses**
**Compared to State-Wide MPDI Averages**

| | MPDI | Jackson College | | |
|---|---|---|---|---|
| | 2020-2021 | 2021-2022 | 2020-2021 | 2019-2020 |
| Instruction | 41.5% | 40.9% | 41.2% | 42.2% |
| Informational Technology | 7.4% | 9.0% | 8.2% | 7.3% |
| Public Service | 1.2% | 0.8% | 1.6% | 2.5% |
| Academic Support | 11.2% | 5.8% | 5.3% | 5.3% |
| Student Services | 13.3% | 15.4% | 18.1% | 17.3% |
| Administration | 13.8% | 15.0% | 13.9% | 12.7% |
| Plant | 11.5% | 13.1% | 11.7% | 12.7% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% |

**Statements of Cash Flows**

Another way to assess the financial health of the College is to look at the Statement of Cash Flows. Its primary purpose is to provide information about the College’s cash receipts and cash payments during a fiscal year.

Major sources of cash were tuition and fees ($8,408,723 in 2022 and $9,467,757 in 2021), grants and contracts ($5,387,195 in 2022 and $3,306,872 in 2021), State appropriations ($13,843,541 in 2022 and $11,918,523 in 2021), Federal Higher Education Emergency Relief Fund receipts ($13,373,825 in 2022 and $6,971,943 in 2021), local property taxes ($5,621,776 in 2022 and $5,462,111 in 2021), and Pell grant receipts ($7,444,487 in 2022 and $8,350,044 in 2021). The single, largest type of disbursement was compensation payments to or on behalf of the College’s employees ($26,998,751 in 2022 and $22,265,827 in 2021).

# JACKSON COLLEGE

## Management's Discussion and Analysis - Unaudited

**Capital Assets**

The components of the College's capital assets are as follows as of June 30:

| | 2022 | 2021 | 2020 |
|---|---|---|---|
| Land | $ 1,228,765 | $ 1,228,765 | $ 1,313,765 |
| Infrastructure and land improvements | 9,314,401 | 7,905,352 | 6,854,555 |
| Buildings and improvements | 116,775,923 | 116,331,108 | 107,400,338 |
| Leasehold improvements | 2,247,106 | 2,247,106 | 2,247,106 |
| Artwork | 6,366,227 | 6,366,227 | 6,366,227 |
| Equipment | 17,908,369 | 18,041,208 | 17,202,386 |
| Construction in progress | 4,848,619 | 639,139 | 691,740 |
| Total capital assets | 158,689,410 | 152,758,905 | 142,076,117 |
| Less accumulated depreciation | 79,749,525 | 75,801,741 | 71,421,821 |
| **Capital assets, net** | **$ 78,939,885** | **$ 76,957,164** | **$ 70,654,296** |

Additional information regarding the College's capital assets can be found in the notes to the financial statements.

**Long-Term Debt**

Information on the College's long-term debt can also be found in the notes to the financial statements.

**Factors That Will Affect our Future**

The economic position of the College is closely tied to that of the State. The COVID-19 pandemic is having a significant effect on the State's finances, which could have a negative effect on State revenues appropriated to the College. Since COVID-19 and pursuant to a series of Executive Orders, the College ceased face-to-face instruction as of March 23, 2020 and only brought it back on a limited scale in fiscal year 2021 for onsite lab courses, clinical course and resident students. The College began bringing back face-to-face courses for Fall 2021.

The College anticipates that it will be facing continued uncertainty as a result of the COVID-19 pandemic and has planned for modest increases State appropriations and property tax collections in the fiscal year 2022 budget. Enrollment has also been substantially impacted, so the College has budgeted for a reduction in billing contact hours for fiscal 2022. The College remains in a good cash position but expects to continue to consider reductions of expenses to correlate with actual income until the future cash flow impacts caused by the pandemic are known. The COVID-19 pandemic is having a significant effect on the State's finances, which could have a negative effect on State revenues appropriated to the College.

The College continues to make investments in needed infrastructure and housing opportunities for families in our local community. The investments made in the George Potter Center building, both exterior improvements to the south entrance and interior improvements to the Music Hall were completed in fiscal 2022. Improvements to the athletic fields, renovation of the STEAM Factory, and campus signage projects are underway and are expected to be completed in fiscal 2023.

College management continues to watch enrollment trends, local economies, employer needs and will react to changing financial conditions with revenue enhancements and/or expense reductions as necessary to ensure financial stability of the College.

In an effort to meet local employer needs and demanding career fields, the College will continue to review academic programs to address those needs.

Rehmann

## INDEPENDENT AUDITORS' REPORT

November 8, 2022

Board of Trustees
Jackson College
Jackson, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities and the discretely presented component unit of ***Jackson 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 and the discretely presented component unit of the College, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *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.



675 Robinson Road, Jackson, MI 49203 517.787.6503

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

***Independent Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated November 8, 2022, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Rehmann Robson LLC

## JACKSON COLLEGE

### Statements of Net Position

| | June 30, 2022 | June 30, 2021 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 12,054,994 | $ 10,599,050 |
| Tuition and other receivables, net | 2,217,465 | 1,462,999 |
| State appropriations receivable | 3,052,952 | 3,086,855 |
| Federal and state grants receivable | 5,947,683 | 3,527,069 |
| Inventories | 136,361 | 28,112 |
| Prepaid expenses and other assets | 261,377 | 525,668 |
| **Total current assets** | **23,670,832** | **19,229,753** |
| **Noncurrent assets** | | |
| Investments | 14,198,472 | 14,434,452 |
| Capital assets not being depreciated | 6,077,384 | 1,867,904 |
| Capital assets being depreciated, net | 72,862,501 | 75,089,260 |
| **Total noncurrent assets** | **93,138,357** | **91,391,616** |
| **Total assets** | **116,809,189** | **110,621,369** |
| **Deferred outflows of resources** | | |
| Deferred charge on refunding | 292,010 | 352,978 |
| Deferred pension amounts | 3,297,064 | 5,598,434 |
| Deferred other postemployment benefits amounts | 1,264,275 | 1,826,836 |
| **Total deferred outflows of resources** | **4,853,349** | **7,778,248** |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable | 3,238,368 | 2,233,045 |
| Accrued compensation and other benefits | 2,508,130 | 2,704,610 |
| Current portion of long-term liabilities | 3,677,470 | 3,222,472 |
| Accrued interest | 129,721 | 143,529 |
| Unearned revenue | 3,303,179 | 3,432,118 |
| **Total current liabilities** | **12,856,868** | **11,735,774** |
| **Noncurrent liabilities** | | |
| Long-term liabilities, net of current portion | 27,822,651 | 31,500,118 |
| Net pension liability | 16,875,266 | 27,637,401 |
| Net other postemployment benefits liability | 1,000,467 | 4,119,464 |
| **Total noncurrent liabilities** | **45,698,384** | **63,256,983** |
| **Total liabilities** | **58,555,252** | **74,992,757** |
| **Deferred inflows of resources** | | |
| Deferred pension amounts | 10,224,688 | 3,778,761 |
| Deferred other postemployment benefits amounts | 5,308,397 | 4,245,327 |
| **Total deferred inflows of resources** | **15,533,085** | **8,024,088** |
| **Net position** | | |
| Net investment in capital assets | 47,731,774 | 42,587,552 |
| Restricted: | | |
| Nonexpendable | 34,177 | 35,147 |
| Expendable | 477,120 | 361,628 |
| Unrestricted deficit (Note 9) | (668,870) | (7,601,555) |
| **Total net position** | **$ 47,574,201** | **$ 35,382,772** |

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

## JACKSON COLLEGE

### Statements of Revenues, Expenses and Changes in Net Position

| | Year Ended June 30, | |
|---|---|---|
| | 2022 | 2021 |
| **Operating revenues** | | |
| Tuition and fees (net of scholarship allowances of $15,394,595 in 2022 and $16,425,072 in 2021) | $ 8,555,101 | $ 8,600,320 |
| Federal grants and contracts | 2,462,986 | 2,430,736 |
| State grants and contracts | 2,860,005 | 1,419,010 |
| Housing revenue | 696,560 | 587,861 |
| Potter Center activities | 308,072 | - |
| Hospitality services | 275,527 | - |
| Bookstore revenue | 565,549 | - |
| Contract training | 91,806 | 47,980 |
| Seminars, workshops, and other | 2,054,131 | 2,184,444 |
| **Total operating revenues** | **17,869,737** | **15,270,351** |
| **Operating expenses** | | |
| Instruction | 13,021,326 | 13,881,139 |
| Information technology | 3,174,916 | 2,749,327 |
| Public service | 815,188 | 505,024 |
| Academic support | 2,384,254 | 2,280,615 |
| Student services | 12,159,823 | 9,795,149 |
| Administration | 6,969,454 | 4,938,569 |
| Operation and maintenance of plant | 8,141,177 | 5,571,081 |
| Depreciation and amortization | 4,582,763 | 4,543,139 |
| **Total operating expenses** | **51,248,901** | **44,264,043** |
| **Operating loss** | **(33,379,164)** | **(28,993,692)** |
| **Nonoperating revenues (expenses)** | | |
| State appropriations | 13,809,638 | 13,282,008 |
| Local property taxes | 5,621,776 | 5,462,111 |
| Federal Pell grant revenue | 7,444,487 | 8,350,044 |
| Federal Higher Education Emergency Relief Fund grant revenue | 15,858,643 | 10,136,178 |
| Federal Coronavirus Relief Fund grant revenue | - | 1,429,600 |
| Private gifts and grants | 121,918 | 318,765 |
| Net investment (loss) income | (231,055) | 8,000 |
| Gain on disposal of capital assets | 205,789 | 60,210 |
| Interest expense | (912,584) | (962,056) |
| Transfer of assets to Jackson College Foundation | (10,000) | (85,000) |
| **Net nonoperating revenues** | **41,908,612** | **37,999,860** |
| **Other revenues** | | |
| Capital gifts and grants | 859,529 | 301,704 |
| **Increase in net position before special item** | **9,388,977** | **9,307,872** |
| Special item (Note 12) | **2,802,452** | - |
| **Increase in net position** | **12,191,429** | **9,307,872** |
| Net position, beginning of year | 35,382,772 | 26,074,900 |
| **Net position, end of year** | **$ 47,574,201** | **$ 35,382,772** |

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

**JACKSON COLLEGE**

## Statements of Cash Flows

| | Year Ended June 30, | |
|---|---|---|
| | **2022** | **2021** |
| **Cash flows from operating activities** | | |
| Tuition and fees | $ 8,408,723 | $ 9,467,757 |
| Housing | 696,560 | 587,861 |
| Hospitality services | 275,527 | 20,462 |
| Grants and contracts | 5,387,195 | 3,306,872 |
| Contract training | 74,476 | 87,658 |
| Payments to vendors | (13,942,472) | (11,289,434) |
| Payment to or on behalf of employees | (26,998,751) | (22,265,827) |
| Payments to students | (8,244,415) | (5,352,209) |
| Potter Center activities | 218,892 | 14,945 |
| Bookstore | 565,549 | - |
| Seminars, workshops and other | 1,460,763 | 2,260,366 |
| **Net cash used in operating activities** | **(32,097,953)** | **(23,161,549)** |
| **Cash flows from noncapital financing activities** | | |
| State appropriations | 13,843,541 | 11,918,523 |
| Local property taxes | 5,621,776 | 5,462,111 |
| Pell grant receipts | 7,444,487 | 8,350,044 |
| Federal Higher Education Emergency Relief Fund receipts | 13,373,825 | 6,971,943 |
| Federal Coronavirus Relief Fund receipts | - | 1,429,600 |
| Gifts and contributions for other than capital purposes | 121,918 | 320,016 |
| Direct loan program receipts | 5,133,284 | 6,613,830 |
| Direct loan program disbursements | (5,133,284) | (6,613,830) |
| State scholarship and grant receipts | 56,690 | 67,813 |
| State scholarship and grant disbursements | (56,690) | (67,813) |
| Insurance proceeds | 2,802,452 | - |
| Transfer to Jackson College Foundation | (10,000) | - |
| **Net cash provided by noncapital financing activities** | **43,197,999** | **34,452,237** |
| **Cash flows from capital and related financing activities** | | |
| Capital gift and grant proceeds | 859,529 | 301,704 |
| Purchases and construction of capital assets | (6,573,247) | (3,028,697) |
| Proceeds from sale of capital assets | 213,552 | 85,860 |
| Collection of note receivable | - | 56,534 |
| Principal paid on capital-asset related debt | (3,222,469) | (3,147,472) |
| Interest paid on capital-asset related debt | (926,392) | (970,126) |
| **Net cash used in capital and related financing activities** | **(9,649,027)** | **(6,702,197)** |
| **Cash flows from investing activities** | | |
| Purchase of investments | - | (4,000,000) |
| Interest and dividends on investments | 4,925 | 2,809 |
| **Net cash provided by (used in) investing activities** | **4,925** | **(3,997,191)** |
| **Net increase in cash and cash equivalents** | 1,455,944 | 591,300 |
| Cash and cash equivalents, beginning of year | 10,599,050 | 10,007,750 |
| **Cash and cash equivalents, end of year** | **$ 12,054,994** | **$ 10,599,050** |

continued...

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

## JACKSON COLLEGE

### Statements of Cash Flows

| | Year Ended June 30, | |
|---|---|---|
| | **2022** | **2021** |
| **Reconciliation of operating loss to net cash used in operating activities** | | |
| Operating loss | $ (33,379,164) | (28,994,943) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation and amortization expense | 4,582,763 | 4,543,139 |
| Changes in operating assets and liabilities that provided (used) cash: | | |
| Tuition and other receivables, net | (754,466) | 1,014,750 |
| Federal and state grants receivable | 64,204 | 267,126 |
| Inventories | (108,249) | (682) |
| Prepaid expenses and other assets | 264,291 | 372,340 |
| Accounts payable | 1,005,323 | 337,403 |
| Accrued compensation and other benefits | (196,480) | (8,789) |
| Unearned revenue | (128,939) | (496,693) |
| Change in pension liability | (10,762,135) | (1,178,637) |
| Change in other postemployment benefits liability | (3,118,997) | (1,986,674) |
| Change in pension deferred inflows | 6,445,927 | (371,482) |
| Change in other postemployment benefits deferred inflows | 1,063,070 | 1,089,364 |
| Change in pension deferred outflows | 2,301,370 | 2,224,361 |
| Change in other postemployment benefits deferred outflows | 562,561 | (33,100) |
| Change in deferred bond refunding | 60,968 | 60,968 |
| **Net cash used in operating activities** | **$ (32,097,953)** | **$ (23,161,549)** |

concluded.

# JACKSON COLLEGE

## Foundation - Statements of Financial Position

| | June 30, | |
|---|---|---|
| | 2022 | 2021 |
| **Assets** | | |
| Cash and cash equivalents | $ 827,295 | $ 1,489,250 |
| Investments | 16,908,965 | 18,082,980 |
| Accounts receivable, including related party | 56,439 | 274 |
| Beneficial interests in remainder trusts | 993,003 | 1,095,049 |
| Cash surrender value of life insurance | 118,000 | 114,000 |
| **Total assets** | **$ 18,903,702** | **$ 20,781,553** |
| **Liabilities** | | |
| Accounts payable | $ 89,722 | $ 306,451 |
| Annuities payable | 100,823 | 104,858 |
| **Total liabilities** | **190,545** | **411,309** |
| **Net assets** | | |
| Without donor restrictions | 4,850,973 | 5,207,426 |
| With donor restrictions | 13,862,184 | 15,162,818 |
| **Total net assets** | **18,713,157** | **20,370,244** |
| **Total liabilities and net assets** | **$ 18,903,702** | **$ 20,781,553** |

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

# JACKSON COLLEGE

## Foundation - Statements of Activities and Changes in Net Assets

| | Year Ended June 30, | |
|---|---|---|
| | **2022** | **2021** |
| **Support and revenue** | | |
| Gifts | $ 1,822,868 | $ 535,988 |
| Net investment (loss) income | (2,176,059) | 3,022,914 |
| Other revenue | 706,289 | 711,650 |
| **Total support and revenue** | **353,098** | **4,270,552** |
| **Grants and expenses** | | |
| Grant payments to Jackson College | 1,146,678 | 757,141 |
| Grant payments to Dahlem Conservancy | 83,185 | 71,081 |
| Management and general expenses | 676,111 | 653,556 |
| **Total grants and expenses** | **1,905,974** | **1,481,778** |
| **Support and revenue (less than) in excess of grants and expenses** | **(1,552,876)** | **2,788,774** |
| Changes in values of interests in remainder trusts and actuarial adjustment of annuities | (109,211) | 174,016 |
| Fund transfer from Jackson College | 10,000 | 500,000 |
| Change in carrying value of investment in real estate | (5,000) | (250,000) |
| **(Decrease) increase in net assets** | **(1,657,087)** | **3,212,790** |
| Net assets, beginning of year | 20,370,244 | 17,157,454 |
| **Net assets, end of year** | **$ 18,713,157** | **$ 20,370,244** |

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

# JACKSON COLLEGE

## Notes to Financial Statements

### 1. MISSION

***Jackson College*** (the "College") is a Michigan Community College whose mission is to assist learners in identifying and achieving their educational goals. The College offers four associate degrees, numerous certificate programs, and other educational programs while being accredited by the North Central Association of Colleges and Secondary Schools. The primary education centers for the College are its 500-acre main campus situated six miles south of Jackson, and extension centers located in Hillsdale and Adrian (Lenawee Center).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Reporting Entity***

The College is governed by an elected seven member board of trustees. The College has two affiliated organizations that are evaluated in accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus.* These organizations are described below:

Jackson College Foundation (the "Foundation") is a legally separate, tax-exempt not-for-profit organization that was formed to solicit, collect, and invest donations made for the promotion of educational activities at and to augment the facilities of the College. The Foundation acts primarily as a fundraising organization to supplement the resources of the College in support of its programs and facilities. As the restricted resources held by the Foundation can be used only by, or for the benefit of, the College, the Foundation is considered a component unit of the College.

The College presents the Foundation as a discretely presented component unit of the College.

Jackson College Dormitories ("JCD") was a legally separate, tax-exempt not-for-profit organization that was formed at the beginning of fiscal year 2015 to provide financing for the construction of Campus View 3 to provide 202 additional student housing beds for Jackson College. In July 2020, JCD was dissolved and assets of $218,820 transferred to the College. See note 6.

Separate financial statements are issued for the Foundation and are prepared in accordance with the accounting standards established by the Financial Accounting Standards Board. These separate financial statements may be obtained from the College's Business Office.

***Basis of Presentation***

The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

The College prepares its annual financial statements in accordance with GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities, an amendment of GASB Statement No. 34,* as described below, and the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Audits of State and Local Governments (GASB 34 Edition).* The financial statements also consider the provisions of the Michigan Department of Career Development's M*anual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001.*

## JACKSON COLLEGE

### Notes to Financial Statements

Under the provisions of GASB Statement No. 35, the College is permitted to report as a special purpose government engaged only in business type activities ("BTA"). Business type activities are those that are financed in whole or in part by fees charged to external users in exchange for goods and services. BTA reporting requires the College to present only the basic financial statements and required supplementary information (RSI) for an enterprise fund that includes management's discussion and analysis (MD&A), a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows, notes to the financial statements, and other applicable RSI and related notes. Fund financial information is not required for BTA reporting.

***Risks and Economic Uncertainties***

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. The extent of the ultimate impact of the pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on funders, students, employees, and vendors, all of which cannot be reasonably predicted at this time. In response to the pandemic, the College was awarded $21,231,197 during 2021 from the Coronavirus Relief Supplemental Appropriations Act and American Rescue Plan Act and $4,972,721 during 2020 from the Coronavirus Aid, Relief, and Economic Security Act. The College recognized revenue from these awards of $15,858,643 and $10,136,178 during 2022 and 2021, respectively. In July 2020, the College received funding of approximately $1.4 million from the State of Michigan. These restricted CARES Act federal funds were passed through the State as a supplement to help offset the reductions to State general appropriations. The College spent the entire $1.4 million in fiscal year 2021. While management reasonably expects the COVID-19 outbreak to impact the College's financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

***Use of Estimates***

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Actual results may differ from estimated amounts. Significant estimates include but are not limited to the assumptions based on historical trends and industry standards used in the actuarial valuation of the MPSERS pension and OPEB plans, the accounts receivable allowance for bad debts, and the useful lives of depreciable capital assets.

***Cash and Cash Equivalents***

Cash and cash equivalents consist of demand deposits in banks, cash on hand, money market accounts, and any certificates of deposit with an original maturity of three months or less, except that such investments purchased with endowment assets are classified as investments.

***Investments***

Investments are carried at fair value determined using quoted market prices. A portion of the investments at MILAF are invested in open market securities, such as commercial paper and US Treasury Notes which are managed by an investment advisor. All of these types of investments are recorded at the initial investment amount plus earned interest and are classified as short- or long-term investments based on the instrument's maturity date.

# JACKSON COLLEGE

## Notes to Financial Statements

The College endowment investment income spending policy is 100% of the realized earnings of each College endowment. The annual spending income allocation cannot reduce the original gift principal. There is no net appreciation on investments of donor-restricted College endowments included in net position at June 30, 2022 or 2021. According to the law of the State of Michigan, the Board of Trustees may appropriate for expenditure for the uses and purposes for which an endowment is established an allocation of the net appreciation, realized and unrealized, in the fair value of the assets of an endowment over the historic dollar value as is prudent under the facts and circumstances prevailing at the time of the action or decision.

***Inventories***

Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market.

***Capital Assets***

Capital assets, consisting of institutional physical properties used in College operations, are recorded at cost or, if acquired by gift, at estimated acquisition cost at the date of acquisition. Building additions and improvements with a cost in excess of $30,000 are capitalized if the life of the building is extended or square footage is added. Collections, such as works of art, are capitalized if such items are held for public exhibition, education, or research in furtherance of public service. Equipment with a cost in excess of $1,000 with a useful life of more than one year is capitalized. Expenses for routine maintenance and ordinary repairs are expensed as incurred. Library books are expensed the year of purchase. Certain maintenance and replacement reserves have been established to provide for significant repair and maintenance costs to facilities.

Depreciation, which includes amortization of leasehold improvements, is provided for campus property, plant and equipment on a straight-line basis over the estimated useful life or the term of the lease, if shorter, of the assets as follows:

| Classification | Estimated Useful Lives |
|---|---|
| Buildings | 40 years |
| Infrastructure and land improvements | 15 years |
| Building and leasehold improvements | 10 years |
| Artwork | 10 years |
| Furniture and fixtures | 5 years |
| Computer equipment | 3 years |

***Deferred Outflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The College reports a deferred outflow of resources for its deferred charge on bond refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This deferred outflow is amortized over the shorter of the refunded or refunding bonds. The College also reports deferred outflows of resources related to certain pension and other postemployment benefits (OPEB) related amounts such as, differences between expected and actual experience, changes in assumptions, changes in proportion and differences between employer contributions and proportionate share of contributions, net difference between projected and actual earnings on pension and OPEB plan investments and certain contributions made to the MPSERS plan subsequent to the measurement date. More detailed information, including the amortization of these amounts can be found in Note 7.

***Deferred Inflows of Resources***

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension and OPEB related amounts, such as the difference between projected and actual experience, changes in assumptions, net difference between projected and actual earnings on pension and OPEB plan investments, changes in proportion and difference between employer contributions and proportionate share of contributions and State appropriations for pension received subsequent to the measurement dates. More detailed information can be found in Note 7.

***Pension and Other Postemployment Benefits***

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

***Revenue Recognition***

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

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

# JACKSON COLLEGE

## Notes to Financial Statements

Revenues received prior to year end that are related to the next fiscal year are recorded as unearned revenues. Unearned revenue relates primarily to student tuition and fees for the spring semester, student deposits and deposits of diverted Michigan income tax withholding from employers contracting with the College under the Michigan New Jobs Training Program to be used for future employee trainings.

***Sabbatical Leaves***

In accordance with the Master Agreement with the Faculty Association, the College grants sabbatical leaves to various full-time instructors. The leaves are granted to enhance the personal and professional competence of the instructors who are required to return to the College for a period of two years. Compensation is accounted for as an expense in the fiscal year the leave is taken.

***Other Compensated Absences***

Other compensated absences represent the accumulated liability to be paid under the College's current vacation and terminated leave pay policies. As the amounts are due on demand at the time of employee termination, the liability is classified as current (accrued compensation and other benefits) in the accompanying statements of net position.

***Net Position***

Net position is classified into the following categories:

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

*Restricted nonexpendable:* Net position whose use by the College is subject to externally imposed constraints that can be fulfilled by actions of the College pursuant to those constraints or that expire by the passage of time. The restricted nonexpendable balance of the College consists of donated endowment funds.

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

*Unrestricted:* Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or the board of trustees.

***Reclassification***

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

# JACKSON COLLEGE

## Notes to Financial Statements

***New Accounting Pronouncement***

For 2022, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of the standard effective July 1, 2021, did not have an impact on the College's basic financial statements or disclosures.

### 3. DEPOSITS AND INVESTMENTS

State of Michigan statutes authorize the College to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper of corporations located in this state rated prime by at least one of the standard rating services. The College is also authorized to invest in U.S. government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds comprised of investments as outlined above. The College's investment policy allows for all of these types of investments.

The College's deposits and investments are included on the statements of net position under the following classifications as of June 30:

| | 2022 | 2021 |
|---|---|---|
| Cash and cash equivalents | $ 12,054,994 | $ 10,599,050 |
| Investments | 14,198,472 | 14,434,452 |
| | **$ 26,253,466** | **$ 25,033,502** |

The above amounts are categorized as follows at June 30:

| | 2022 | 2021 |
|---|---|---|
| Bank deposits (checking, savings, cash sweep accounts and certificates of deposit) | $ 12,050,685 | $ 10,596,326 |
| Michigan Liquid Asset Fund | 10,423,636 | 10,416,479 |
| Petty cash | 4,309 | 2,724 |
| Total deposits | 22,478,630 | 21,015,529 |
| Investment in U.S. Government bonds | 3,758,042 | 3,996,960 |
| Investments in equity securities | 16,794 | 21,013 |
| **Total** | **$ 26,253,466** | **$ 25,033,502** |

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

The following is a description of the valuation methodology used for assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified. There have been no changes in the methodologies used at June 30, 2022 or 2021.

*U.S. government obligations:* Level 1 fair value measurement is based upon the closing price reported in the active market in which the individual securities are traded.

The College's investments are all measured as a Level 1 within the fair value hierarchy on a recurring basis as of June 30, 2022 and 2021. The nationally recognized statistical rating organization (NRSRO) utilized is primarily Moody's Investor Service. At June 30, 2022 and 2021, the College's investments subject to credit risk (interest rate fluctuations) held by counterparties include Federal Home Loan Bank bonds that possess NRSRO ratings of Aaa and mature on June 30, 2026.

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments. The College's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Custodial Credit Risk - Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. State law does not require and the College does not have a policy for deposit custodial credit risk. As of June 30, 2022, $11,903,928 of the College's bank deposits balance of $12,403,928 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2021, $10,241,351 of the College's bank deposits balance of $10,967,543 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* For an investment, 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 that are in the possession of an outside party. State law does not require and the College does not have a policy for investment custodial credit risk. However, all investments are in the name of the College, and the investments are held in trust accounts with each financial institution from which they were purchased.

## 4. TUITION AND OTHER RECEIVABLES, NET

Tuition and other receivables result from various revenue sources including student tuition and fee billings, auxiliary enterprise sales and contract training revenues.

Tuition and other receivables, net, consist of the following amounts at June 30:

| | 2022 | 2021 |
|---|---|---|
| Tuition and fees | $ 2,178,953 | $ 2,084,085 |
| Private grants | 45,775 | 10,790 |
| Reimbursements | 684,624 | 57,963 |
| Employees | 8,113 | 10,161 |
| **Total** | **2,917,465** | **2,162,999** |
| Less allowances | 700,000 | 700,000 |
| **Tuition and other receivables, net** | **$ 2,217,465** | **$ 1,462,999** |

# JACKSON COLLEGE

## Notes to Financial Statements

### 5. CAPITAL ASSETS

The following tables present in summary fashion the changes in the components of capital assets for the years ended June 30:

| 2022 | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Nondepreciable capital assets** | | | | | |
| Land | $ 1,228,765 | $ - | $ - | $ - | $ 1,228,765 |
| Construction in progress | 639,139 | 4,535,931 | - | (326,451) | 4,848,619 |
| **Subtotal nondepreciable capital assets** | **1,867,904** | **4,535,931** | **-** | **(326,451)** | **6,077,384** |
| **Depreciable capital assets** | | | | | |
| Infrastructure and land improvements | 7,905,352 | 1,354,481 | - | 54,568 | 9,314,401 |
| Buildings and improvements | 116,331,108 | 309,667 | (136,735) | 271,883 | 116,775,923 |
| Leasehold improvements | 2,247,106 | - | - | - | 2,247,106 |
| Artwork | 6,366,227 | - | - | - | 6,366,227 |
| Furniture, fixtures and equipment | 18,041,208 | 373,168 | (506,007) | - | 17,908,369 |
| **Subtotal depreciable capital assets** | **150,891,001** | **2,037,316** | **(642,742)** | **326,451** | **152,612,026** |
| **Less accumulated depreciation** | | | | | |
| Infrastructure and land improvements | 3,449,639 | 555,849 | - | - | 4,005,488 |
| Buildings and | | | | | - |
| improvements | 47,234,499 | 2,906,137 | (136,735) | - | 50,003,901 |
| Leasehold improvements | 1,984,944 | 224,711 | - | - | 2,209,655 |
| Artwork | 5,838,255 | 111,282 | - | - | 5,949,537 |
| Furniture, fixtures and equipment | 17,294,404 | 784,786 | (498,246) | - | 17,580,944 |
| **Total accumulated depreciation** | **75,801,741** | **4,582,765** | **(634,981)** | **-** | **79,749,525** |
| **Subtotal depreciable capital assets, net** | **75,089,260** | **(2,545,449)** | **(7,761)** | **326,451** | **72,862,501** |
| **Total capital assets, net** | **$ 76,957,164** | **$ 1,990,482** | **$ (7,761)** | **$ -** | **78,939,885** |

# JACKSON COLLEGE

## Notes to Financial Statements

| 2021 | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|---|---|---|---|---|
| **Nondepreciable capital assets** | | | | | |
| Land | $ 1,313,765 | $ - | $ (85,000) | $ - | $ 1,228,765 |
| Construction in progress | 691,740 | 252,671 | - | (305,272) | 639,139 |
| **Subtotal nondepreciable capital assets** | **2,005,505** | **252,671** | **(85,000)** | **(305,272)** | **1,867,904** |
| **Depreciable capital assets** | | | | | |
| Infrastructure and land improvements | 6,854,555 | 745,525 | - | 305,272 | 7,905,352 |
| Buildings and improvements | 107,400,338 | 9,108,490 | (177,720) | - | 116,331,108 |
| Leasehold improvements | 2,247,106 | - | - | - | 2,247,106 |
| Artwork | 6,366,227 | - | - | - | 6,366,227 |
| Furniture, fixtures and equipment | 17,202,386 | 849,972 | (11,150) | - | 18,041,208 |
| **Subtotal depreciable capital assets** | **140,070,612** | **10,703,987** | **(188,870)** | **305,272** | **150,891,001** |
| **Less accumulated depreciation** | | | | | |
| Infrastructure and land improvements | 3,033,201 | 416,438 | - | - | 3,449,639 |
| Buildings and improvements | 44,513,693 | 2,883,714 | (162,908) | - | 47,234,499 |
| Leasehold improvements | 1,760,233 | 224,711 | - | - | 1,984,944 |
| Artwork | 5,726,973 | 111,282 | - | - | 5,838,255 |
| Furniture, fixtures and equipment | 16,387,720 | 906,993 | (309) | - | 17,294,404 |
| **Total accumulated depreciation** | **71,421,820** | **4,543,138** | **(163,217)** | **-** | **75,801,741** |
| **Subtotal depreciable capital assets, net** | **68,648,792** | **6,160,849** | **(25,653)** | **305,272** | **75,089,260** |
| **Total capital assets, net** | **$ 70,654,297** | **$ 6,413,520** | **$ (110,653)** | **$ -** | **76,957,164** |

Construction in progress at June 30, 2022 consists primarily of construction costs for improvements to the Athletic facilities, the Steam Factory, housing updates, and other campus projects. The projects under contract are expected to be completed during fiscal year 2023 at an additional cost of approximately $657,000.

**JACKSON COLLEGE**

## Notes to Financial Statements

### 6. LONG-TERM LIABILITIES AND RELATED PARTY TRANSACTION

Long-term liability activity for years ended June 30 was as follows:

| 2022 | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Bonds payable** | | | | | |
| General Bonds - 2014 | $ 7,060,000 | $ - | $ 520,000 | $ 6,540,000 | $ 520,000 |
| General Bonds - 2015 | 8,070,000 | - | 435,000 | 7,635,000 | 450,000 |
| General Bonds - 2016 | 5,305,000 | - | 1,015,000 | 4,290,000 | 1,040,000 |
| General Bonds - 2017 | 2,305,000 | - | 1,130,000 | 1,175,000 | 1,175,000 |
| General Bonds - 2020 | 11,340,000 | - | - | 11,340,000 | 370,000 |
| **Total bonds payable** | **34,080,000** | **-** | **3,100,000** | **30,980,000** | **3,555,000** |
| **Deferred amounts** | | | | | |
| Bond premium | 694,689 | - | 126,191 | 568,498 | 126,192 |
| Bond discount | (52,099) | - | (3,722) | (48,377) | (3,722) |
| **Total deferred amounts** | **642,590** | **-** | **122,469** | **520,121** | **122,470** |
| | $ 34,722,590 | $ - | $ 3,222,469 | 31,500,121 | **$ 3,677,470** |
| **Less current portion** | | | | **3,677,470** | |
| **Long-term liabilities, net of current portion** | | | | **$ 27,822,651** | |

| 2021 | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Bonds payable** | | | | | |
| General Bonds - 2014 | $ 7,585,000 | $ - | $ 525,000 | $ 7,060,000 | $ 520,000 |
| General Bonds - 2015 | 8,485,000 | - | 415,000 | 8,070,000 | 435,000 |
| General Bonds - 2016 | 6,300,000 | - | 995,000 | 5,305,000 | 1,015,000 |
| General Bonds - 2017 | 3,395,000 | - | 1,090,000 | 2,305,000 | 1,130,000 |
| General Bonds - 2020 | 11,340,000 | - | - | 11,340,000 | - |
| **Total bonds payable** | **37,105,000** | **-** | **3,025,000** | **34,080,000** | **3,100,000** |
| **Deferred amounts** | | | | | |
| Bond premium | 820,884 | - | 126,195 | 694,689 | 126,194 |
| Bond discount | (55,822) | - | (3,723) | (52,099) | (3,722) |
| **Total deferred amounts** | **765,062** | **-** | **122,472** | **642,590** | **122,472** |
| | $ 37,870,062 | $ - | $ 3,147,472 | 34,722,590 | **$ 3,222,472** |
| **Less current portion** | | | | **3,222,472** | |
| **Long-term liabilities, net of current portion** | | | | **$ 31,500,118** | |

# JACKSON COLLEGE

## Notes to Financial Statements

***Bonded Debt***

**$9,280,000 General Refunding Bonds, Series 2014**

The College issued $9,280,000 in refunding bonds with an interest rate of 2.00% to 4.25% to refund $9,300,000 of outstanding 2010 Series Bonds with an interest rate of 4.90% to 6.27%, maturing in 2030. The bonds mature at varying amounts through 2030.

**$9,990,000 General Bonds, Series 2015**

Unsecured bonds mature in annual amounts ranging from $350,000 to $745,000 through 2035 with interest charged at rates ranging from 3.00% to 3.625% per annum.

**$9,255,000 General Refunding Bonds, Series 2016**

The College issued $9,255,000 in refunding bonds with an interest rate of 2.00% to 3.00% to refund $9,465,000 of outstanding 2006 Series Bonds with an interest rate of 4.10% to 4.50%, maturing in 2026. The bonds mature at varying amounts through 2026. The net proceeds of $9,671,752 (after payment of $77,045 in underwriting fees and other issuance cost) were used to purchase U.S. treasury securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. The refunding resulted in an economic gain of $1,546,700 and a net present value savings of $1,413,748. As of June 30, 2016, the 2006 Series Bonds in the amount of $9,465,000 are considered defeased and the liability has been removed from the statement of net position.

**$8,195,000 General Refunding Bonds, Series 2017**

The College issued $8,195,000 in refunding bonds with an interest rate of 2.00% to 3.00% to refund $2,910,000 of outstanding 2007 Series Bonds with an interest rate of 4.00% to 4.15%, maturing in 2024 and $5,385,000 of outstanding 2008 Series Bonds with an interest rate of 3.75% to 4.50%, maturing in 2029. The bonds mature at varying amounts through 2023. The net proceeds of $8,492,806 (after payment of $112,140 in underwriting fees and other issuance cost) were used to purchase U.S. treasury securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. The refunding resulted in an economic gain of $1,500,326 and a net present value savings of $1,117,578. As of June 30, 2017, $2,910,000 of the Series 2007 Bonds and $5,385,000 of the Series 2008 Bonds are considered defeased and the liability has been removed from the statement of net position.

**$11,340,000 General and Refunding Bonds, Series 2020**

The College issued $9,210,000 in refunding bonds and $2,130,000 of general bonds with an interest rate of 2.00% to 2.625% to refund $9,725,000 of outstanding 2015 Series Housing Revenue Bonds held by Jackson College Dormitories with an interest rate of 5.00% to 6.75%, maturing in 2047. The bonds mature at varying amounts through 2046. Net proceeds of $9,862,716 (after payment of $269,868 in underwriting fees and other issuance costs) were used to purchase U.S. treasury securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds and net proceeds of $2,100,397 were deposited into a construction project account. The refunding resulted in an economic gain of $6,490,401 and a net present value savings of $5,706,164 due to the reduction of the interest rate. As of June 30, 2020, the Jackson College Dormitories Series 2015 Housing Revenue Bonds are considered defeased and the liability has been removed from the statement of financial position of JCD. The College had a receivable from Jackson College Dormitories in the amount of $7,927,960 as of June 30, 2020 equal to the net book value of the Jackson College Dormitories building. In July 2020, title to the building was transferred to the College and Jackson College Dormitories was dissolved.

# JACKSON COLLEGE

## Notes to Financial Statements

Scheduled principal and interest requirements of long-term debt for years succeeding June 30, 2022, are summarized below:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 3,555,000 | $ 905,045 | $ 4,460,045 |
| 2024 | 2,645,000 | 812,495 | 3,457,495 |
| 2025 | 2,685,000 | 747,494 | 3,432,494 |
| 2026 | 2,770,000 | 663,594 | 3,433,594 |
| 2027 | 1,860,000 | 576,944 | 2,436,944 |
| 2028-2032 | 8,035,000 | 1,941,534 | 9,976,534 |
| 2033-2037 | 4,495,000 | 924,115 | 5,419,115 |
| 2038-2042 | 2,615,000 | 492,180 | 3,107,180 |
| 2043-2046 | 2,320,000 | 151,688 | 2,471,688 |
| Totals | $ 30,980,000 | $ 7,215,089 | $ 38,195,089 |

During fiscal 2004, the College entered into a lease agreement with the State of Michigan as part of the Capital Outlay program offered by the State Building Authority. The State appropriated approximately $1,500,000 toward the construction of the College’s Lenawee Center. During fiscal 2008, the College entered into a similar lease as part of the construction of the new Atkinson Hall building and the renovation of a section of Whiting Hall. The net State contribution amounted to $7,318,398. Again, in fiscal year 2011, the College entered into another lease with the State of Michigan in connection with the renovation of Whiting Hall and the building of the Health Laboratory Center. The net state contribution amounted to $10,016,314. In fiscal year 2016, the College entered into another lease with the State of Michigan in connection with the renovation of Bert Walker Hall. The net state contribution amounted to $7,446,282 once the renovation was complete in fiscal 2017. The appropriations were funded by the issuance of bonds by the State Building Authority. In return, the College has deeded the buildings to the State Building Authority as collateral for the bondholders. The College and the State of Michigan are leasing the buildings from the State Building Authority for the period that the bonds for the buildings are being repaid by the State Building Authority. These lease payments are made out of the State of Michigan general operating budget. The College includes the buildings as part of its total investment in physical plant as capital leases as the College will obtain title to the buildings at the end of the leases. No corresponding obligations have been recorded since there are no payments due by the College under these lease agreements.

# JACKSON COLLEGE

## Notes to Financial Statements

### 7. PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

**Defined Benefit Plan**

***Plan Description***

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

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

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

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

***Pension Benefits Provided***

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

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

# JACKSON COLLEGE

## Notes to Financial Statements

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

***Other Postemployment Benefits Provided***

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

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

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

## JACKSON COLLEGE

### Notes to Financial Statements

***Contributions***

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

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

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

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

Required contributions to the pension plan from the College were approximately $2,119,000, $2,155,000 and $2,239,000 for the years ended June 30, 2022, 2021 and 2020.

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

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

Required contributions to the OPEB plan from the College were approximately $480,000, $492,000 and $557,000 for the years ended June 30, 2022, 2021 and 2020, respectively.

## JACKSON COLLEGE

### Notes to Financial Statements

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

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

For the years ended June 30, 2022, 2021, and 2020, required and actual contributions from the College for those members with a defined contribution benefit were $96,440, $91,055 and $95,806, respectively.

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

At June 30, 2022 and 2021, the College reported a liability of $16,875,266 and $27,637,401, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2020 and 2019, respectively. The College’s proportion of the net pension liability was determined by dividing each employer’s statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2021, the College's proportion was 0.07128%, which was a decrease of 0.00918% points from its proportion measured as of September 30, 2020 of 0.08046%.

For the year ended June 30, 2022, the College recognized pension expense of $170,060. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| 2022 | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|---|---|---|---|
| Differences between expected and actual experience | $ 261,405 | $ 99,375 | $ 162,030 |
| Changes in assumptions | 1,063,756 | - | 1,063,756 |
| Net difference between projected and actual earnings on pension plan investments | - | 5,425,344 | (5,425,344) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 6,620 | 3,722,689 | (3,716,069) |
| | 1,331,781 | 9,247,408 | (7,915,627) |
| College contributions subsequent to the measurement date | 1,965,283 | - | 1,965,283 |
| Pension portion of Sec 147c state aid award subsequent to the measurement date | - | 977,280 | (977,280) |
| **Total** | $ 3,297,064 | $ 10,224,688 | $ (6,927,624) |

# JACKSON COLLEGE

## Notes to Financial Statements

The $1,965,283 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The $977,280 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2023 | $ (1,923,728) |
| 2024 | (2,120,840) |
| 2025 | (2,133,503) |
| 2026 | (1,737,556) |
| **Total** | $ (7,915,627) |

For the year ended June 30, 2021, the College recognized pension expense of $2,768,950. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| 2021 | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|---|---|---|---|
| Differences between expected and actual experience | $ 422,277 | $ 58,988 | $ 363,289 |
| Changes in assumptions | 3,062,491 | - | 3,062,491 |
| Net difference between projected and actual earnings on pension plan investments | 116,120 | - | 116,120 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 9,279 | 2,673,662 | (2,664,383) |
| | 3,610,167 | 2,732,650 | 877,517 |
| College contributions subsequent to the measurement date | 1,988,267 | - | 1,988,267 |
| Pension portion of Sec 147c state aid award subsequent to the measurement date | - | 1,046,111 | (1,046,111) |
| **Total** | $ 5,598,434 | $ 3,778,761 | $ 1,819,673 |

# JACKSON COLLEGE

## Notes to Financial Statements

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

At June 30, 2022 and 2021, the College reported a liability of $1,000,467 and $4,119,464, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2021 and 2020, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2020 and 2019, respectively. The College's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2021, the College's proportion was 0.06555%, which was a decrease of 0.01134% points from its proportion measured as of September 30, 2020 of 0.07689%.

For the year ended June 30, 2022, the College recognized a reduction to OPEB expense of $1,013,458. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| **2022** | **Deferred Outflows of Resources** | **Deferred Inflows of Resources** | **Net Deferred Outflows (Inflows) of Resources** |
|---|---|---|---|
| Differences between expected and actual experience | $ - | $ 2,855,763 | $ (2,855,763) |
| Changes in assumptions | 836,341 | 125,148 | 711,193 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 754,070 | (754,070) |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 14,600 | 1,573,416 | (1,558,816) |
| | 850,941 | 5,308,397 | (4,457,456) |
| College contributions subsequent to the measurement date | 413,334 | - | 413,334 |
| **Total** | $ 1,264,275 | $ 5,308,397 | $ (4,044,122) |

# JACKSON COLLEGE

## Notes to Financial Statements

The $413,334 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | Amount |
|---|---|
| 2023 | $ (1,208,286) |
| 2024 | (1,090,363) |
| 2025 | (931,481) |
| 2026 | (839,191) |
| 2027 | (343,117) |
| Thereafter | (45,018) |
| **Total** | $ (4,457,456) |

For the year ended June 30, 2021, the College recognized a reduction in OPEB expense of $429,326. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| 2021 | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|---|---|---|---|
| Differences between expected and actual experience | $ - | $ 3,069,386 | $ (3,069,386) |
| Changes in assumptions | 1,358,269 | - | 1,358,269 |
| Net difference between projected and actual earnings on OPEB plan investments | 34,382 | - | 34,382 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 14,800 | 1,175,941 | (1,161,141) |
| | 1,407,451 | 4,245,327 | (2,837,876) |
| College contributions subsequent to the measurement date | 419,385 | - | 419,385 |
| **Total** | $ 1,826,836 | $ 4,245,327 | $ (2,418,491) |

***Actuarial Assumptions***

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

## JACKSON COLLEGE

### Notes to Financial Statements

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

| | |
|---|---|
| Actuarial cost method | Entry age, normal |
| Wage inflation rate | 2.75% |
| Investment rate of return: | |
| MIP and Basic plans (non-hybrid) | 6.80% |
| Pension Plus plan (hybrid) | 6.80% |
| Pension Plus 2 plan (hybrid) | 6.00% |
| OPEB plans | 6.95% |
| Projected salary increases | 2.75% - 11.55%, including wage inflation at 2.75% |
| Cost of living adjustments | 3% annual non-compounded for MIP members |
| Healthcare cost trend rate | 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 (7.0% Year 1 graded to 3.5% Year 12 in 2018) |
| Mortality | RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females. |
| Other OPEB assumptions: | |
| Opt out assumptions | 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan. |
| Survivor coverage | 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death. |
| Coverage election at retirement | 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents. |

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

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

## JACKSON COLLEGE

### Notes to Financial Statements

***Long-Term Expected Return on Pension Plan Assets***

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

| 2021 Asset Class | Target Allocation | Long-term Expected Real Rate of Return | Expected Money-Weighted Rate of Return |
|---|---|---|---|
| Domestic equity pools | 25.00% | 5.09% | 1.27% |
| Private equity pools | 16.00% | 8.58% | 1.37% |
| International equity pools | 15.00% | 7.08% | 1.06% |
| Fixed income pools | 10.50% | -0.73% | -0.08% |
| Real estate and infrastructure pools | 10.00% | 5.12% | 0.51% |
| Absolute return pools | 9.00% | 2.42% | 0.22% |
| Real return/opportunistic pools | 12.50% | 5.73% | 0.72% |
| Short-term investment pools | 2.00% | -1.29% | -0.03% |
| | 100.00% | | 5.04% |
| Inflation | | | 2.00% |
| Risk adjustment | | | -0.24% |
| **Investment rate of return** | | | 6.80% |

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

## JACKSON COLLEGE

### Notes to Financial Statements

***Long-term Expected Return on OPEB Plan Assets***

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

| 2021 Asset Class | Target Allocation | Long-term Expected Real Rate of Return | Expected Money-Weighted Rate of Return |
|---|---|---|---|
| Domestic equity pools | 25.00% | 5.09% | 1.27% |
| Private equity pools | 16.00% | 8.58% | 1.37% |
| International equity pools | 15.00% | 7.08% | 1.06% |
| Fixed income pools | 10.50% | -0.73% | -0.08% |
| Real estate and infrastructure pools | 10.00% | 5.12% | 0.51% |
| Absolute return pools | 9.00% | 2.42% | 0.22% |
| Real return/opportunistic pools | 12.50% | 5.73% | 0.72% |
| Short-term investment pools | 2.00% | -1.29% | -0.03% |
| | 100.00% | | 5.04% |
| Inflation | | | 2.00% |
| Risk adjustment | | | -0.09% |
| **Investment rate of return** | | | 6.95% |

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

# JACKSON COLLEGE

## Notes to Financial Statements

***Rate of Return***

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

***Discount Rate***

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

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

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

| | 1% Decrease (5.80% / 5.80% / 5.00%) | Current Discount Rate (6.80% / 6.80% / 6.00%) | 1% Increase (7.80% / 7.80% / 7.00%) |
|---|---|---|---|
| College's proportionate share of the net pension liability | $ 24,127,054 | $ 16,875,266 | $ 10,863,058 |

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

| | 1% Decrease (5.80% / 5.80% / 5.00%) | Current Discount Rate (6.80% / 6.80% / 6.00%) | 1% Increase (7.80% / 7.80% / 7.00%) |
|---|---|---|---|
| College's proportionate share of the net pension liability | $ 35,771,928 | $ 27,637,401 | $ 20,895,692 |

## JACKSON COLLEGE

### Notes to Financial Statements

***Sensitivity of College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate***

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

| | 1% Decrease (5.95%) | Current Discount Rate (6.95%) | 1% Increase (7.95%) |
|---|---|---|---|
| College's proportionate share of the net OPEB liability | $ 1,859,049 | $ 1,000,467 | $ 271,838 |

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2021:

| | 1% Decrease (5.95%) | Current Discount Rate (6.95%) | 1% Increase (7.95%) |
|---|---|---|---|
| College's proportionate share of the net OPEB liability | $ 5,291,920 | $ 4,119,464 | $ 3,132,355 |

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

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

| | 1% Decrease (6.75%) | Current Healthcare Cost Trend Rate (7.75%) | 1% Increase (8.75%) |
|---|---|---|---|
| College's proportionate share of the net OPEB liability | $ 243,506 | $ 1,000,467 | $ 1,852,140 |

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

| | 1% Decrease (6.0%) | Current Healthcare Cost Trend Rate (7.0%) | 1% Increase (8.0%) |
|---|---|---|---|
| College's proportionate share of the net OPEB liability | $ 3,094,560 | $ 4,119,464 | $ 5,285,166 |

***Pension and OPEB Plans Fiduciary Net Position***

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

***Payable to the Pension Plan***

At June 30, 2022, the College reported a payable of $267,090 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022. At June 30, 2021, the College reported a payable of $296,307 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2021.

***Payable to the OPEB Plan***

At June 30, 2022, the College reported a payable of $37,395 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2021. At June 30, 2021, the College reported a payable of $48,574 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2021.

**Defined Contribution**

Effective July 1, 1996, the College established the Jackson College Optional Retirement Program ("JCCORP"), a defined contribution pension plan qualified under Section 414(d) of the Internal Revenue Code. Under this plan, eligible employees as of July 1, 1996 and who are members of MPSERS, may continue their membership in MPSERS or may elect to participate in the plan and retain limited membership in the retirement system. An employee becoming eligible after July 1, 1996 may elect to become a member of MPSERS or to participate in JCCORP. Benefit provisions and contribution requirements are established and may be amended by the College. Required contributions are made by the College and the participants at a rate of 14% and 4% of eligible compensation for Staff and Faculty, respectively, and 15% and 4% of eligible compensation for Administration, respectively. For the years ended June 30, 2022 and 2021, the cost of this plan to the College was approximately $1,390,000 and $1,296,000 and participant contributions in the form of payroll deductions were approximately $390,000 and $363,000, respectively.

## 8. RELATED PARTIES

**Jackson College Foundation**

The College employs all Foundation staff and these amounts are considered an in-kind contribution by the Foundation. In addition, the College received payments from the Foundation for student scholarships and other support, including capital gifts, totaling $1,146,678 and $757,141 for the years ended June 30, 2022 and 2021, respectively. The College entered into a lease agreement with the Foundation starting on July 1, 2012 related to its W. J. Maher Campus building. This agreement expired in June 2022 and management is determining whether the lease will be renewed. The Foundation charged the College $225,000 in rent for fiscal 2022 and 2021. During fiscal year 2022 and 2021, due to the COVID-19 pandemic, the Foundation transfered $225,000 of this rent back to the College through scholarships and other support.

# JACKSON COLLEGE

## Notes to Financial Statements

**Dahlem Environmental Center**

In August 2005, the College spun off its Dahlem Environmental Center (the "Center") operations by entering into an agreement with The Dahlem Conservancy (the "Conservancy"), an independent, nonprofit organization, and the private donor of the Center's property. Under this agreement, the College leases the Center's property to the Conservancy for a term of 30 years at an annual amount of $1. The agreement also states that any endowment gifts received for the benefit of the Center will be restricted support of the Foundation, and the Foundation annually distribute 5% of the total endowment funds held for the benefit of the Center to the Conservancy in quarterly installments.

### 9. UNRESTRICTED DEFICIT

The College, through Board of Trustees action via the budget process, has designated the use of unrestricted net deficit for the following purposes at June 30:

| | 2022 | 2021 |
|---|---|---|
| Major maintenance and equipment replacement | $ 14,893,367 | $ 11,413,858 |
| Future operations | 12,581,458 | 12,636,486 |
| Total designated | 27,474,825 | 24,050,344 |
| Pension and OPEB liability fund deficit | (28,847,479) | (32,355,683) |
| Undesignated | 703,784 | 703,784 |
| Total unrestricted net deficit | $ (668,870) | $ (7,601,555) |

### 10. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended June 30, 2022 and 2021, the College carried commercial insurance to cover all risks of losses. The College has had no settled claims resulting from these risks that exceeded its commercial coverage limits in any of the past three fiscal years.

### 11. COMMITMENTS, UNCERTAINTIES AND OTHER MATTERS

**Government Programs**

The College conducts certain programs pursuant to grants and contracts funded, and subject to audit, by various federal and state agencies. Amounts questioned as a result of audits, if any, may result in refunds to these governmental agencies. Any liabilities for reimbursements which may arise as the result of these audits is not believed to be material.

**Employment Contract**

The College is obligated pursuant to the terms of the College President's employment contract to provide housing in which the President is required to reside, maintain the buildings and grounds and pay all utilities furnished for the President's residential housing, annually reimburse certain expenses connected with the Office of the President, and annually provide an agreed upon amount of deferred compensation payable upon termination of the President's tenure. The President's employment agreement is currently scheduled to expire on August 31, 2027.

# JACKSON COLLEGE

## Notes to Financial Statements

### 12. SPECIAL ITEM

Jackson College received $2,802,452 of insurance proceeds during the year ended June 30, 2022. These proceeds were received as a result of a fire which ocurred in the College's Potter Center in June, 2021.

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# REQUIRED SUPPLEMENTARY INFORMATION

## MPSERS COST-SHARING MULTIPLE-EMPLOYER PLANS

**JACKSON COLLEGE**

## Required Supplementary Information

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

| | Year Ended June 30, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| College's proportionate share of the net pension liability | $ 16,875,266 | $ 27,637,401 | $ 28,816,038 | $ 27,750,921 | $ 25,076,508 | $ 25,492,530 | $ 25,348,337 | $ 31,557,371 |
| College's proportion of the net pension liability | 0.07128% | 0.08046% | 0.08701% | 0.09231% | 0.09677% | 0.10218% | 0.10378% | 0.14327% |
| College's covered payroll | $ 5,905,653 | $ 6,801,890 | $ 7,430,975 | $ 7,602,247 | $ 8,021,049 | $ 8,450,437 | $ 9,132,227 | $ 9,478,260 |
| College's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 285.75% | 406.32% | 387.78% | 365.04% | 312.63% | 301.67% | 277.57% | 332.94% |
| Plan fiduciary net position as a percentage of the total pension liability | 72.60% | 59.72% | 60.31% | 62.36% | 64.21% | 63.27% | 63.17% | 66.20% |

### Schedule of College Pension Contributions

| | Year Ended June 30, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Statutorily required contribution | $ 2,118,576 | $ 2,155,149 | $ 2,238,743 | $ 2,356,478 | $ 2,533,991 | $ 2,340,447 | $ 2,252,429 | $ 3,135,547 |
| Contributions in relation to the statutorily required contribution | (2,118,576) | (2,155,149) | (2,238,743) | (2,356,478) | (2,533,991) | (2,340,447) | (2,252,429) | (3,135,547) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| College's covered payroll | $ 6,187,090 | $ 6,164,630 | $ 7,224,684 | $ 7,536,546 | $ 7,902,364 | $ 9,003,990 | $ 8,950,325 | $ 12,526,015 |
| Contributions as a percentage of covered employee payroll | 34.24% | 34.96% | 30.99% | 31.27% | 32.07% | 25.99% | 25.17% | 25.03% |

See notes to the required supplementary information.

## JACKSON COLLEGE

### Required Supplementary Information

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

| | Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| College's proportionate share of the net OPEB liability | $ 1,000,467 | $ 4,119,464 | $ 6,106,138 | $ 7,097,606 | $ 8,648,302 |
| College's proportion of the net OPEB liability | 0.06555% | 0.07689% | 0.08507% | 0.08929% | 0.09766% |
| College's covered payroll | $ 5,905,653 | $ 6,801,890 | $ 7,430,975 | $ 7,602,247 | $ 8,021,049 |
| College's proportionate share of the net OPEB liability as a percentage of its covered payroll | 16.94% | 60.56% | 82.17% | 93.36% | 107.82% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 87.33% | 59.44% | 48.46% | 42.95% | 36.39% |

**Schedule of College Other Postemployment Benefits Contributions**

| | Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2020 | 2019 | 2018 |
| Statutorily required contribution | $ 479,871 | $ 491,560 | $ 557,211 | $ 560,732 | $ 559,662 |
| Contributions in relation to the statutorily required contribution | (479,871) | (491,560) | (557,211) | (560,732) | (559,662) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| College's covered payroll | $ 6,187,090 | $ 6,164,630 | $ 7,224,684 | $ 7,536,546 | $ 7,902,364 |
| Contributions as a percentage of covered payroll | 7.76% | 7.97% | 7.71% | 7.44% | 7.08% |

See notes to the required supplementary information.

# JACKSON COLLEGE

## Notes to Required Supplementary Information

**Pension Information**

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

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

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

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

**OPEB Information**

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

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

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

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

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# SUPPLEMENTARY COMBINING INFORMATION

**JACKSON COLLEGE**

**Combining Statement of Net Position (Unaudited)**
June 30, 2022

| | General Fund | Designated Fund | Restricted Funds | Pension and OPEB Liability Fund | Auxiliary Funds | Endowment Funds | Plant Funds | Combined Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| **Current assets** | | | | | | | | |
| Cash and cash equivalents | $ 802,407 | $ 357,902 | $ (4,457,494) | $ - | $ 136,210 | $ 17,383 | $ 15,198,586 | $ 12,054,994 |
| Tuition and other receivables, net | 1,526,530 | 37,500 | 45,775 | - | 3,576 | - | 604,084 | 2,217,465 |
| State appropriations receivable | 2,525,376 | 527,576 | - | - | - | - | - | 3,052,952 |
| Federal and state grants receivable | 9,200 | - | 5,938,483 | - | - | - | - | 5,947,683 |
| Inventories | 29,672 | - | - | - | 106,689 | - | - | 136,361 |
| Prepaid expenses and other assets | 261,119 | 83 | - | - | 175 | - | - | 261,377 |
| **Total current assets** | 5,154,304 | 923,061 | 1,526,764 | - | 246,650 | 17,383 | 15,802,670 | 23,670,832 |
| **Noncurrent assets** | | | | | | | | |
| Investments | 2,000,000 | 12,181,678 | - | - | - | 16,794 | - | 14,198,472 |
| Capital assets not being depreciated | - | - | - | - | - | - | 6,077,384 | 6,077,384 |
| Capital assets being depreciated, net | - | - | - | - | - | - | 72,862,501 | 72,862,501 |
| **Total noncurrent assets** | 2,000,000 | 12,181,678 | - | - | - | 16,794 | 78,939,885 | 93,138,357 |
| **Total assets** | 7,154,304 | 13,104,739 | 1,526,764 | - | 246,650 | 34,177 | 94,742,555 | 116,809,189 |
| **Deferred outflows of resources** | | | | | | | | |
| Deferred charge on refunding | - | - | - | - | - | - | 292,010 | 292,010 |
| Deferred pension amounts | - | - | - | 3,297,064 | - | - | - | 3,297,064 |
| Deferred OPEB amounts | - | - | - | 1,264,275 | - | - | - | 1,264,275 |
| **Total deferred outflows of resources** | - | - | - | 4,561,339 | - | - | 292,010 | 4,853,349 |
| **Liabilities** | | | | | | | | |
| **Current liabilities** | | | | | | | | |
| Accounts payable | 1,585,538 | 523,281 | 314,671 | - | 35,296 | - | 779,582 | 3,238,368 |
| Accrued compensation and benefits | 2,488,277 | - | 11,696 | - | 8,157 | - | - | 2,508,130 |
| Current portion of long-term liabilities | - | - | - | - | - | - | 3,677,470 | 3,677,470 |
| Accrued interest | - | - | - | - | - | - | 129,721 | 129,721 |
| Unearned revenue | 2,376,705 | - | 723,277 | - | 203,197 | - | - | 3,303,179 |
| **Total current liabilities** | 6,450,520 | 523,281 | 1,049,644 | - | 246,650 | - | 4,586,773 | 12,856,868 |
| **Noncurrent liabilities** | | | | | | | | |
| Long-term liabilities, net of current portion | - | - | - | - | - | - | 27,822,651 | 27,822,651 |
| Net pension liability | - | - | - | 16,875,266 | - | - | - | 16,875,266 |
| Net OPEB liability | - | - | - | 1,000,467 | - | - | - | 1,000,467 |
| **Total noncurrent liabilities** | - | - | - | 17,875,733 | - | - | 27,822,651 | 45,698,384 |
| **Total liabilities** | 6,450,520 | 523,281 | 1,049,644 | 17,875,733 | 246,650 | - | 32,409,424 | 58,555,252 |
| **Deferred inflows of resources** | | | | | | | | |
| Deferred pension amounts | - | - | - | 10,224,688 | - | - | - | 10,224,688 |
| Deferred OPEB amounts | - | - | - | 5,308,397 | - | - | - | 5,308,397 |
| **Total deferred inflows of resources** | - | - | - | 15,533,085 | - | - | - | 15,533,085 |
| **Net position** | | | | | | | | |
| Net investment in capital assets | - | - | - | - | - | - | 47,731,774 | 47,731,774 |
| Restricted: | | | | | | | | |
| Nonexpendable | - | - | - | - | - | 34,177 | - | 34,177 |
| Expendable | - | - | 477,120 | - | - | - | - | 477,120 |
| Unrestricted (deficit) | 703,784 | 12,581,458 | - | (28,847,479) | - | - | 14,893,367 | (668,870) |
| **Total net position (deficit)** | $ 703,784 | $ 12,581,458 | $ 477,120 | $ (28,847,479) | $ - | $ 34,177 | $ 62,625,141 | $ 47,574,201 |

**JACKSON COLLEGE**

**Combining Statement of Net Position (Unaudited)**

June 30, 2021

| | General Fund | Designated Fund | Restricted Funds | Pension and OPEB Liability Fund | Auxiliary Funds | Endowment Funds | Plant Funds | Combined Total |
|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | |
| **Current assets** | | | | | | | | |
| Cash and cash equivalents | $ 1,126,595 | $ 179,814 | $ (2,411,163) | $ - | $ 291,396 | $ 14,134 | $ 11,398,274 | $ 10,599,050 |
| Tuition and other receivables, net | 1,425,019 | 27,150 | 10,790 | - | 40 | - | - | 1,462,999 |
| State appropriations receivable | 2,548,656 | 538,199 | - | - | - | - | - | 3,086,855 |
| Federal and state grants receivable | 6,400 | - | 3,520,669 | - | - | - | - | 3,527,069 |
| Inventories | 28,112 | - | - | - | - | - | - | 28,112 |
| Prepaid expenses and other assets | 217,855 | 322 | 1,652 | - | - | - | 305,839 | 525,668 |
| **Total current assets** | 5,352,637 | 745,485 | 1,121,948 | - | 291,436 | 14,134 | 11,704,113 | 19,229,753 |
| **Noncurrent assets** | | | | | | | | |
| Investments | 2,000,000 | 12,413,439 | - | - | - | 21,013 | - | 14,434,452 |
| Capital assets not being depreciated | - | - | - | - | - | - | 1,867,904 | 1,867,904 |
| Capital assets being depreciated, net | - | - | - | - | - | - | 75,089,260 | 75,089,260 |
| **Total noncurrent assets** | 2,000,000 | 12,413,439 | - | - | - | 21,013 | 76,957,164 | 91,391,616 |
| **Total assets** | 7,352,637 | 13,158,924 | 1,121,948 | - | 291,436 | 35,147 | 88,661,277 | 110,621,369 |
| **Deferred outflows of resources** | | | | | | | | |
| Deferred charge on refunding | - | - | - | - | - | - | 352,978 | 352,978 |
| Deferred pension amounts | - | - | - | 5,598,434 | - | - | - | 5,598,434 |
| Deferred OPEB amounts | - | - | - | 1,826,836 | - | - | - | 1,826,836 |
| **Total deferred outflows of resources** | - | - | - | 7,425,270 | - | - | 352,978 | 7,778,248 |
| **Liabilities** | | | | | | | | |
| **Current liabilities** | | | | | | | | |
| Accounts payable | 1,475,818 | 522,438 | 88,063 | - | - | - | 146,726 | 2,233,045 |
| Accrued compensation and benefits | 2,691,643 | - | 12,967 | - | - | - | - | 2,704,610 |
| Current portion of long-term liabilities | - | - | - | - | - | - | 3,222,472 | 3,222,472 |
| Accrued interest | - | - | - | - | - | - | 143,529 | 143,529 |
| Unearned revenue | 2,481,392 | - | 659,290 | - | 291,436 | - | - | 3,432,118 |
| **Total current liabilities** | 6,648,853 | 522,438 | 760,320 | - | 291,436 | - | 3,512,727 | 11,735,774 |
| **Noncurrent liabilities** | | | | | | | | |
| Long-term liabilities, net of current portion | - | - | - | - | - | - | 31,500,118 | 31,500,118 |
| Net pension liability | - | - | - | 27,637,401 | - | - | - | 27,637,401 |
| Net OPEB liability | - | - | - | 4,119,464 | - | - | - | 4,119,464 |
| **Total noncurrent liabilities** | - | - | - | 31,756,865 | - | - | 31,500,118 | 63,256,983 |
| **Total liabilities** | 6,648,853 | 522,438 | 760,320 | 31,756,865 | 291,436 | - | 35,012,845 | 74,992,757 |
| **Deferred inflows of resources** | | | | | | | | |
| Deferred pension amounts | - | - | - | 3,778,761 | - | - | - | 3,778,761 |
| Deferred OPEB amounts | - | - | - | 4,245,327 | - | - | - | 4,245,327 |
| **Total deferred inflows of resources** | - | - | - | 8,024,088 | - | - | - | 8,024,088 |
| **Net position** | | | | | | | | |
| Net investment in capital assets | - | - | - | - | - | - | 42,587,552 | 42,587,552 |
| Restricted: | | | | | | | | |
| Nonexpendable | - | - | - | - | - | 35,147 | - | 35,147 |
| Expendable | - | - | 361,628 | - | - | - | - | 361,628 |
| Unrestricted (deficit) | 703,784 | 12,636,486 | - | (32,355,683) | - | - | 11,413,858 | (7,601,555) |
| **Total net position (deficit)** | $ 703,784 | $ 12,636,486 | $ 361,628 | $ (32,355,683) | $ - | $ 35,147 | $ 54,001,410 | $ 35,382,772 |

## JACKSON COLLEGE

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

For the Year Ended June 30, 2022

| | General Fund | Designated Fund | Restricted Funds | Pension and OPEB Liability Fund | Auxiliary Funds | Endowment Funds | Plant Funds | Elimination Entries | Combined Total |
|---|---|---|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | | | | |
| Tuition and fees (net of scholarship allowances of $15,394,595) | $ 23,949,696 | $ - | $ - | $ - | $ - | $ - | $ - | $ (15,394,595) | $ 8,555,101 |
| Federal grants and contracts | 9,200 | - | 2,453,786 | - | - | - | - | - | 2,462,986 |
| State grants and contracts | - | - | 2,860,005 | - | - | - | - | - | 2,860,005 |
| Housing revenue | - | - | - | - | 696,560 | - | - | - | 696,560 |
| Potter Center activities | - | - | - | - | 308,072 | - | - | - | 308,072 |
| Hospitality services | - | - | - | - | 275,527 | - | - | - | 275,527 |
| Bookstore activities | - | - | - | - | 565,549 | - | - | - | 565,549 |
| Contract training | 91,806 | - | - | - | - | - | - | - | 91,806 |
| Seminars, workshops, and other | 301,325 | 325,230 | 1,059,407 | - | 367,139 | - | 1,030 | - | 2,054,131 |
| Current funds expenditures for capital equipment and improvements | - | - | - | - | - | - | 6,545,360 | (6,545,360) | - |
| **Total operating revenues** | **24,352,027** | **325,230** | **6,373,198** | **-** | **2,212,847** | **-** | **6,546,390** | **(21,939,955)** | **17,869,737** |
| **Operating expenses** | | | | | | | | | |
| Instruction | 14,887,109 | - | 152,683 | (2,018,466) | - | - | - | - | 13,021,326 |
| Information technology | 3,288,143 | - | 111,047 | (224,274) | - | - | - | - | 3,174,916 |
| Public service | 305,657 | - | - | (134,565) | 644,096 | - | - | - | 815,188 |
| Academic support | 2,095,148 | - | 737,655 | (448,549) | - | - | - | - | 2,384,254 |
| Student services | 5,612,257 | 189,273 | 22,050,243 | (672,823) | 375,468 | - | - | (15,394,595) | 12,159,823 |
| Administration | 5,449,697 | - | 123,089 | (448,549) | 1,845,217 | - | - | - | 6,969,454 |
| Operation and maintenance of plant | 4,768,728 | - | 1,082,253 | (538,258) | - | - | 9,373,814 | (6,545,360) | 8,141,177 |
| Depreciation and amortization | - | - | - | - | - | - | 4,582,763 | - | 4,582,763 |
| **Total operating expenses** | 36,406,739 | 189,273 | 24,256,970 | (4,485,484) | 2,864,781 | - | 13,956,577 | (21,939,955) | 51,248,901 |
| Operating (loss) income | (12,054,712) | 135,957 | (17,883,772) | 4,485,484 | (651,934) | - | (7,410,187) | - | (33,379,164) |
| **Nonoperating revenues (expenses)** | | | | | | | | | |
| State appropriations | 14,786,918 | - | - | (977,280) | - | - | - | - | 13,809,638 |
| Local property taxes | 5,621,776 | - | - | - | - | - | - | - | 5,621,776 |
| Federal Pell grant revenue | - | - | 7,444,487 | - | - | - | - | - | 7,444,487 |
| Federal Higher Education Emergency Relief Fund grant revenue | - | - | 15,858,643 | - | - | - | - | - | 15,858,643 |
| Private gifts and grants | 57,589 | 50,775 | - | - | 13,554 | - | - | - | 121,918 |
| Net investment income (loss) | 1,675 | (231,760) | - | - | - | (970) | - | - | (231,055) |
| Gain on disposal of capital assets | - | - | - | - | - | - | 205,789 | - | 205,789 |
| Interest expense | - | - | - | - | - | - | (912,584) | - | (912,584) |
| Transfer of funds to Jackson College Foundation | - | (10,000) | - | - | - | - | - | - | (10,000) |
| **Net nonoperating revenues (expenses)** | 20,467,958 | (190,985) | 23,303,130 | (977,280) | 13,554 | (970) | (706,795) | - | 41,908,612 |
| **Other revenues** | | | | | | | | | |
| Capital gifts and grants | - | - | - | - | - | - | 859,529 | - | 859,529 |
| **Increase (decrease) in net position** | 8,413,246 | (55,028) | 5,419,358 | 3,508,204 | (638,380) | (970) | (7,257,453) | - | 9,388,977 |
| Transfers in (out) | (8,413,246) | - | (5,303,866) | - | 638,380 | - | 13,078,732 | - | - |
| **Net increase (decrease) in net position before special item** | - | (55,028) | 115,492 | 3,508,204 | - | (970) | 5,821,279 | - | 9,388,977 |
| Special item (Note 12) | - | - | - | - | - | - | 2,802,452 | - | 2,802,452 |
| **Net increase (decrease) in net position** | - | (55,028) | 115,492 | 3,508,204 | - | (970) | 8,623,731 | - | 12,191,429 |
| Net position (deficit), beginning of year | 703,784 | 12,636,486 | 361,628 | (32,355,683) | - | 35,147 | 54,001,410 | - | 35,382,772 |
| **Net position (deficit), end of year** | $ 703,784 | $ 12,581,458 | $ 477,120 | $ (28,847,479) | $ - | $ 34,177 | $ 62,625,141 | $ - | $ 47,574,201 |

**JACKSON COLLEGE**

**Combining Statement of Revenues, Expenses, Transfers and Changes in Net Position (Unaudited)**
For the Year Ended June 30, 2021

| | General Fund | Designated Fund | Restricted Fund | CARES Act Funds | Pension and OPEB Liability Fund | Auxiliary Funds | Endowment Funds | Plant Funds | Elimination Entries | Combined Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Operating revenues** | | | | | | | | | | |
| Tuition and fees (net of scholarship allowances of $16,425,072) | $ 25,025,392 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ (16,425,072) | $ 8,600,320 |
| Federal grants and contracts | 9,200 | - | 2,421,536 | - | - | - | - | - | - | 2,430,736 |
| State grants and contracts | - | - | 1,419,010 | - | - | - | - | - | - | 1,419,010 |
| Housing revenue | - | - | - | - | - | 587,861 | - | - | - | 587,861 |
| Contract training | 27,518 | - | - | - | - | 20,462 | - | - | - | 47,980 |
| Seminars, workshops, and other | 602,022 | 317,856 | 1,075,713 | - | - | 182,275 | - | 6,578 | - | 2,184,444 |
| Current funds expenditures for capital equipment and improvements | - | - | - | - | - | - | - | 3,028,698 | (3,028,698) | - |
| **Total operating revenues** | **25,664,132** | **317,856** | **4,916,259** | **-** | **-** | **790,598** | **-** | **3,035,276** | **(19,453,770)** | **15,270,351** |
| **Operating expenses** | | | | | | | | | | |
| Instruction | 14,216,983 | - | 250,182 | - | (586,026) | - | - | - | - | 13,881,139 |
| Information technology | 2,810,183 | - | 4,258 | - | (65,114) | - | - | - | - | 2,749,327 |
| Public Service | 273,542 | - | 9,925 | - | (39,068) | 260,625 | - | - | - | 505,024 |
| Academic support | 1,836,649 | - | 574,194 | - | (130,228) | - | - | - | - | 2,280,615 |
| Student services | 5,805,910 | 91,582 | 20,093,412 | - | (195,342) | 424,659 | - | - | (16,425,072) | 9,795,149 |
| Administration | 4,423,666 | - | 275,409 | - | (130,228) | 369,722 | - | - | - | 4,938,569 |
| Operation and maintenance of plant | 4,021,202 | - | 2,014,424 | - | (156,273) | - | - | 2,720,426 | (3,028,698) | 5,571,081 |
| Depreciation and amortization | - | - | - | - | - | - | - | 4,543,139 | - | 4,543,139 |
| **Total operating expenses** | 33,388,135 | 91,582 | 23,221,804 | - | (1,302,279) | 1,055,006 | - | 7,263,565 | (19,453,770) | 44,264,043 |
| Operating (loss) income | (7,724,003) | 226,274 | (18,305,545) | - | 1,302,279 | (264,408) | - | (4,228,289) | - | (28,993,692) |
| **Nonoperating revenues (expenses)** | | | | | | | | | | |
| State appropriations | 14,328,119 | - | - | - | (1,046,111) | - | - | - | - | 13,282,008 |
| Local property taxes | 5,462,111 | - | - | - | - | - | - | - | - | 5,462,111 |
| Federal Pell grant revenue | - | - | 8,350,044 | - | - | - | - | - | - | 8,350,044 |
| Federal Higher Education Emergency Relief Fund grant revenue | - | - | 9,325,405 | 810,773 | - | - | - | - | - | 10,136,178 |
| Federal Coronavirus Relief Fund grant revenue | - | - | 1,135,015 | 294,585 | - | - | - | - | - | 1,429,600 |
| Private gifts and grants | 290,347 | 14,726 | - | - | - | 13,692 | - | - | - | 318,765 |
| Net investment income | 1,021 | 1,762 | - | - | - | - | 5,217 | - | - | 8,000 |
| Loss on disposal of capital assets | - | - | - | - | - | - | - | 60,210 | - | 60,210 |
| Interest expense | - | - | - | - | - | - | - | (962,056) | - | (962,056) |
| Transfer of funds to Jackson College Foundation | - | - | - | - | - | - | - | (85,000) | - | (85,000) |
| **Total nonoperating revenues (expenses)** | 20,081,598 | 16,488 | 18,810,464 | 1,105,358 | (1,046,111) | 13,692 | 5,217 | (986,846) | - | 37,999,860 |
| **Other revenues** | | | | | | | | | | |
| Capital gifts and grants | - | - | - | - | - | - | - | 301,704 | - | 301,704 |
| **Increase (decrease) in net position** | 12,357,595 | 242,762 | 504,919 | 1,105,358 | 256,168 | (250,716) | 5,217 | (4,913,431) | - | 9,307,872 |
| Transfers in (out) | (12,357,076) | 138,466 | (524,189) | - | - | 250,716 | - | 12,492,083 | - | - |
| **Net increase (decrease) in net position** | 519 | 381,228 | (19,270) | 1,105,358 | 256,168 | - | 5,217 | 7,578,652 | - | 9,307,872 |
| Net position (deficit), beginning of year | 703,265 | 12,255,258 | 380,898 | (1,105,358) | (32,611,851) | - | 29,930 | 46,422,758 | - | 26,074,900 |
| **Net position (deficit), end of year** | $ 703,784 | $ 12,636,486 | $ 361,628 | $ - | $ (32,355,683) | $ - | $ 35,147 | $ 54,001,410 | $ - | $ 35,382,772 |

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**INDEPENDENT AUDITORS' COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

November 8, 2022

Audit Committee
Board of Trustees
of the Jackson College
Jackson, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of ***Jackson College*** (the "College") as of and for the year ended June 30, 2022, and have issued our report thereon dated November 8, 2022. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated June 3, 2022, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the College solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal control over financial reporting and compliance noted during our audit in a separate letter to you dated November 8, 2022.

WE ARE AN INDEPENDENT MEMBER OF THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

675 Robinson Road, Jackson, MI 49203 517.787.6503

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and in our professional services plan dated June 3, 2022.

**Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

**Significant Risks Identified**

We have identified the risks of management override of internal controls and revenue recognition as significant risks, and have obtained an understanding of the College's related controls, including control activities relevant to such risks.

**Qualitative Aspects of the College's Significant Accounting Practices**

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the College is included in Note 2 to the financial statements.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

*Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

In addition, the financial statements include net pension and other postemployment benefits liabilities and other related amounts, which are dependent on estimates made by the plan. These estimates are based on historical trends and industry standards but are not within the control of management.

**Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

The schedule of adjustments passed is included with management's written representations in *Attachment B* to this letter, and summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the College's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in *Attachment B* to this letter.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the College, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the College's auditors.

**Other Information in Documents Containing Audited Financial Statements**

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary Information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Upcoming Changes in Accounting Standards**

Generally accepted accounting principles (GAAP) are continually changing in order to promote the usability and enhance the applicability of information included in external financial reporting. While it would not be practical to include an in-depth discussion of every upcoming change in professional standards, *Attachment A* to this letter contains a brief overview of recent pronouncements of the Governmental Accounting Standards Board (GASB) and their related effective dates. Management is responsible for reviewing these standards, determining their applicability, and implementing them in future accounting periods.

This information is intended solely for the use of the governing body and management of the ***Jackson College*** and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Robson LLC

# JACKSON COLLEGE

## Attachment A – Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2022 Audit

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the College in the near future. We encourage management to review the following information and determine which standards may be applicable to the College. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

**GASB 91 ■ Conduit Debt Obligations**

*Effective 12/15/2022 (your FY 2023)*

This standard defines "conduit debt obligations", where a government issues debt whose proceeds are received and repaid by a third-party obligor without the issuer being primarily liable. The standard requires issuers to disclose conduit debt obligations, but not to record a liability unless it is *more likely than not* that a commitment made by the issuer will require it to support one or more debt payments for a conduit debt obligation. We do not expect this standard to have any significant effect on the College.

**GASB 94 ■ Public-Private and Public-Public Partnerships and Availability Payment Arrangements**

*Effective 06/15/2023 (your FY 2023)*

This standard addresses accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. We do not expect this standard to have any significant effect on the College.

**GASB 96 ■ Subscription-Based Information Technology Arrangements**

*Effective 06/15/2023 (your FY 2023)*

This standard expands on the new guidance for leases and applies it to computer software contracts (subscriptions) with similar characteristics. Governments that subscribe to a vendor's IT software will now report offsetting intangible subscription assets and subscription liabilities equal to the present value of future subscription payments.

**GASB 99 ■ Omnibus 2022**

*Effective 06/15/2023 (your FY 2023)*

This standard includes a variety of small technical revisions to previously issued GASB statements. We do not expect this standard to have any significant effect on the College.

# JACKSON COLLEGE

## Attachment A – Upcoming Changes in Accounting Standards / Regulations

For the June 30, 2022 Audit

**GASB 100 ■ Accounting Changes and Error Corrections**
*Effective 06/15/2024 (your FY 2024)*

This standard clarifies the presentation and disclosure requirements for prior period adjustments to beginning net position. We do not expect this standard to have any significant effect on the College.

**GASB 101 ■ Compensated Absences**
*Effective 12/15/2024 (your FY 2025)*

This standard revises the liability governments record for compensated absences payable to include any sick, vacation, personal time, or other PTO reasonably expected to be used by employees or paid out to them at termination.

■ ■ ■ ■ ■

Jackson COLLEGE

2111 Emmons Road ● Jackson, MI 49201-8399
517.787.0809 ● www.jccmi.edu

November 8, 2022

Rehmann Robson
675 Robinson Road
Jackson, Michigan 49203

This representation letter is provided in connection with your audits of the financial statements of the business-type activities and the discretely presented component unit of ***Jackson College*** (the "College"), as of and for the year ended June 30, 2022 and 2021, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the College in conformity with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 8, 2022:

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 3, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. The financial statements referred to above have been fairly presented in accordance with U.S. GAAP, and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
3. We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
4. With respect to any assistance you provided in drafting the financial statements and related notes, we have performed the following:
   a. Made all management decisions and performed all management functions;
   b. Assigned a competent individual to oversee the services;
   c. Evaluated the adequacy of the services performed;
   d. Evaluated and accepted responsibility for the result of the service performed; and
   e. Established and maintained internal controls, including monitoring ongoing activities.

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5. We acknowledge our responsibility 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.
6. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
7. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
8. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. For the purposes of this letter, related parties mean members of the governing body; board members; administrative officials; immediate families of administrative officials, board members, and members of the governing body; and any companies affiliated with or owned by such individuals.
9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
10. The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
11. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
12. With regard to items reported at fair value:
    a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
    b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
    c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
    d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
13. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
14. All funds and activities are properly classified.
15. All components of net position and fund balance classifications have been properly reported.
16. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
17. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
18. All interfund and intra-entity transactions and balances have been properly classified and reported.
19. Special items and extraordinary items have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
22. All required supplementary information is measured and presented within the prescribed guidelines.

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23. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
24. We are responsible for the fair presentation of the College's proportionate share of the net pension and other postemployment liabilities of the Michigan Public School Employees Retirement System (MPSERS) and related amounts. We provided MPSERS with complete and accurate information regarding the College's participation in the plan and have reviewed the information provided by MPSERS for inclusion in the College's financial statements.
25. In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the District to deliver education to students in a safe environment, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. Over the past two years, the District has been awarded funds from various sources to be used to respond to the impacts of the COVID-19 pandemic. Of the amount awarded, approximately $2 million was expended and recognized as revenue during the current fiscal year. With these additional Federal resources, at this time management does not believe that the negative financial impact of the pandemic, if any, would be material to the College.

**Information Provided**

26. We have provided you with:
    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
    b. Additional information that you have requested from us for the purpose of the audit; and
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
27. All transactions have been recorded in the accounting records and are reflected in the financial statements.
28. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
29. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
    a. Management;
    b. Employees who have significant roles in internal control; or
    c. Others where the fraud could have a material effect on the financial statements.
30. We have no knowledge of any, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others.
31. We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
32. We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

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33. We have a process to track the status of audit findings and recommendations.
34. We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
35. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
36. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
37. There have been no from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
38. The College has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
39. We have disclosed to you all guarantees, whether written or oral, under which the College is contingently liable.
40. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
41. There are no:
    a. Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    b. Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
42. The College has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
43. We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
44. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

**Supplementary Information in Relation to the Financial Statements as a Whole**

45. With respect to the supplementary information accompanying the financial statements:
    a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America.
    b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.

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c. The methods of measurement or presentation have not changed from those used in the prior period.
d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

**Required Supplementary Information**

46. With respect to the required supplementary information accompanying the financial statements:
    a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America.
    b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
    c. The methods of measurement or presentation have not changed from those used in the prior period.
    d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

DocuSigned by:
Kim Abbott
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Kim Abbott, Comptroller

DocuSigned by:
John Globoker
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John Globoker, Chief Financial Officer

DocuSigned by:
Dr. Daniel J. Phelan
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Dr. Dan Phelan, President

# JACKSON COLLEGE

## Schedule of Adjustments Passed (SOAP)

For the June 30, 2022 Audit

In accordance with generally accepted auditing standards, we have prepared the following schedule of proposed audit adjustments, which we believe are immaterial both individually and in the aggregate. We are providing this schedule to both management and those charged with governance to receive their assurance that they agree that the amounts listed below are not material to the financial statements, either individually or in the aggregate, and do not need to be recorded.

| | Effect of Passed Adjustment - Over(Under)Statement | | | | |
|---|---|---|---|---|---|
| | Assets | Liabilities | Beginning Equity | Revenues | Expenses/ Expenditures |
| Estimated entry to implement GASB 87 *Leases* for lessor arrangements | (478,000) | (478,000) | - | - | - |
| **Total** | $ (478,000) | $ (478,000) | $ - | $ - | $ - |
| **Misstatement as a percentage of total revenue** | -0.7% | -0.7% | 0.0% | 0.0% | 0.0% |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO:** Jackson College Board of Trustees
**FROM:** Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 9.0 Information Requested by the Board<br>9.2 Next Board Meeting Topics – January 9, 2023<br>***BOARD POLICY***: GOVERNANCE PROCESS: GP-03 Board Planning Cycle and Agenda |
| **Description:** |
| This time has been set aside to help the Board anticipate topics for the next regular Board meeting (January 9, 2023). Below are currently anticipated topics:<br>• Policy & Interpretations Review: EL-10 Access to Education<br>• Policy Review: GP-14 Handling Operations Complaints<br>• Policy Review: GP-11 Linkage with Ownership<br>• Evidence Review: EL-09 Organization Culture<br>• Evidence Review: EL-07 Compensation & Benefits<br>• Survey Review: GP-06 Audit Committee Terms of Reference<br>• Survey Review: GP-13 Special Rules of Order<br>• Organized Election for Board Offices<br>• FY 2023 Q2 Financial Report<br>• Consideration of Spring Planning Session Date<br>• Consideration of Distinguished Service Award Nominations<br>Please feel free to offer other agenda items at this point on the agenda. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Review of currently anticipated topics. |
| **Action Taken:** |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 10.0 Self-Evaluation of Governance Process & Board Performance at this Meeting<br>10.1 Principles of Policy Governance<br>***BOARD POLICY***: GOVERNANCE PROCESS: GP-01 Governing Style |
| **Description:** |
| This time has been set aside for the Board, as part of our continuous improvement work in order, to assess the Board's work and commitment towards the ten Policy Governance principles, as well as its governance practice.<br>The URL link below will provide an overview of the Policy Governance principles that you can use for determining the effectiveness and efficacy of the Board's work both in terms of this meeting and in general governance practice.<br>https://governforimpact.org/resources/principles-of-policy-governance.html |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Define particular areas for improvement in the governance process. |
| **Action Taken:** |
| |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 11.0 Meeting Content Review<br><br>***BOARD POLICY***: GOVERNANCE PROCESS: GP-01 Governing Style |
| **Description:** |
| This item on the agenda provides the Board the opportunity to give the Board Chairman and the President feedback on the quality of the content provided during this Board Meeting. We would appreciate receiving suggestions wherein you would like to see changes made to future Board Meetings. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Consideration of areas for meeting content improvement |
| **Action Taken:** |
| |

**BOARD OF TRUSTEES MEETING**
**Action & Information Report**
Board Meeting Date: November 14, 2022

**TO**: Jackson College Board of Trustees
**FROM**: Dr. Daniel J. Phelan, President & CEO

| **Subject to be Discussed and Policy Reference:** |
|---|
| 12.0 Adjourn*<br><br>***BOARD POLICY***: GOVERNANCE PROCESS: GP-13 Special Rules of Order |
| **Description:** |
| Board action is required to adjourn the meeting. |
| **Resource Impact:** |
| None |
| **Requested Board Action:** |
| Meeting Adjournment |
| **Action Taken:** |
| |