Jackson College

Years Ended June 30, 2016 and 2015

Annual Financial Report

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Business wisdom delivered.

JACKSON COLLEGE

Table of Contents

Management's Discussion and Analysis - Unaudited

Management's discussion and analysis (MD&A) of Jackson College's (the "College" or "JC") financial statements provides an overview of the College's financial position as of June 30, 2016 and 2015 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, 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, including 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 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.

During the year ended June 30, 2015, the College implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). This standard requires the College to record its proportionate share of the pension liability of the Michigan Public School Employees Retirement System (MPSERS), the defined benefit plan which the majority of the employees of the College participate. The new standard has had a significant impact on the liabilities and net position of the College as discussed below. In addition, Note 7 to the financial statements includes a number of new disclosures related to this standard, and two schedules are included with the required supplementary information following the footnotes.

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 less liabilities and deferred inflows) is as 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 need to be considered to assess the overall health of the College.

Management's Discussion and Analysis - Unaudited

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

	Condensed Statements of Net Position	
	June 30,	
	2016	2015
Assets		
Current assets	$ 22,916,055	$ 29,095,202
Capital assets, net	74,252,929	62,822,145
Other noncurrent assets	80,322	101,182
Total assets	97,249,306	92,018,529
Deferred outflows of resources		
Deferred charge on refunding	421,575	433,578
Deferred pension amounts	2,805,682	3,948,860
Total deferred outflows of resources	3,227,257	4,382,438
Liabilities		
Current liabilities	12,609,769	8,675,739
Noncurrent liabilities	37,183,595	39,647,012
Net pension liability	25,348,337	31,557,371
Total liabilities	75,141,701	79,880,122
Deferred inflows of resources		
Deferred pension amounts	8,180,072	3,488,676
Net position		
Net investment in capital assets	34,934,347	31,444,109
Restricted		
Nonexpendable	22,664	22,893
Expendable	240,918	223,949
Unrestricted deficit	(18,043,139)	(18,658,782)
Total net position	$ 17,154,790	$ 13,032,169

Management's Discussion and Analysis - Unaudited

The College’s financial position was significantly impacted by the implementation of GASB 68 during the fiscal year ended June 30, 2015. During the year ended June 30, 2016, the College's total net position increased by $4,122,621. This increase is mostly attributable to large investment in the College's capital assets, namely buildings, partially funded by a State capital appropriation in the amount of $5,565,748.

	Condensed Statements of Revenues, Expenses and Changes in Net Position	
	Year Ended June 30,	
	2016	2015
Operating revenues		
Tuition and fees, net	$ 11,883,666	$ 11,453,375
Grants and contracts	3,297,737	4,127,024
Potter Center activities	446,700	468,218
Other operating revenues	4,038,661	3,919,648
Total operating revenues	19,666,764	19,968,265
Operating expenses		
Instruction	19,010,049	19,585,427
Public service	1,068,232	1,233,054
Academic support	3,257,684	3,047,545
Student services	6,862,274	7,136,861
Administration	4,984,550	4,891,586
Operation and maintenance of plant	7,680,757	6,448,771
Depreciation and amortization	3,792,700	3,780,624
Total operating expenses	46,656,246	46,123,868
Operating loss	(26,989,482)	(26,155,603)
Nonoperating and other revenues		
State appropriations	12,596,261	13,218,925
Local property taxes	4,955,621	4,842,394
Federal Pell grant revenue	8,611,472	8,922,468
Private gifts and grants	130,360	130,887
Other	4,818,389	(1,300,471)
Total nonoperating and other revenues	31,112,103	25,814,203
Increase/(decrease) in net position	4,122,621	(341,400)
Net position, beginning of year	13,032,169	44,403,804
Implementation of GASB 68	-	(31,030,235)
Adjusted net position, beginning of year	13,032,169	13,373,569
Net position, end of year	$ 17,154,790	$ 13,032,169

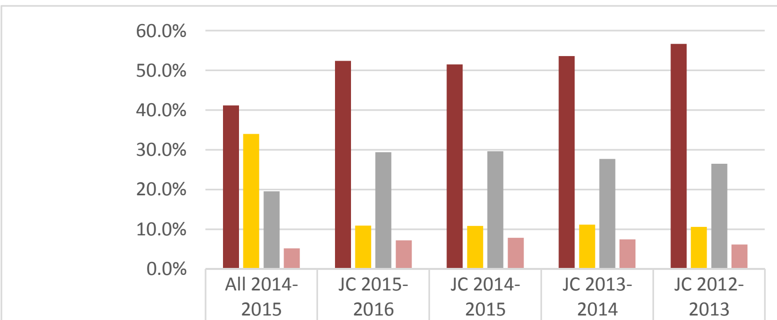
Management's Discussion and Analysis - Unaudited

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 Activities Classification Structure (ACS) Data Book. The Community College Appropriations Act assigns primary responsibility for data collection to the Michigan Department of Labor and Economic Growth. In addition to appropriations, the data in the ACS Data Book is used to derive comparisons among community colleges on a number of significant issues that relate to institutional concerns. The 2014-15 ACS 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 ACS 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 $45,374,163 and $44,532,745 in 2016 and 2015, respectively.

General Fund Revenue Sources: Comparison of JC and Statewide Averages

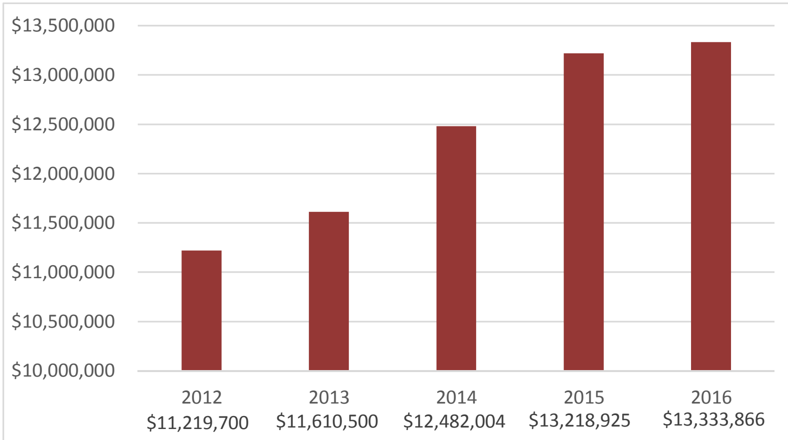


	All 2014-2015	JC 2015-2016	JC 2014-2015	JC 2013-2014	JC 2012-2013
Tuition and Fees	41.2%	52.4%	51.5%	53.6%	56.7%
Property Tax	34.0%	10.9%	10.9%	11.2%	10.6%
State Aid	19.6%	29.4%	29.7%	27.7%	26.5%
Other	5.2%	7.3%	7.9%	7.5%	6.2%

<u>State Appropriations</u>

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 $13,333,866 in fiscal year 2016, of this total, $1,062,066 was received and paid to the State of Michigan towards the unfunded actuarial accrued liability of the Michigan Public School Employees Retirement System. The graph below reflects the amount of State Appropriations received by the College that were reported as revenue in the general fund.

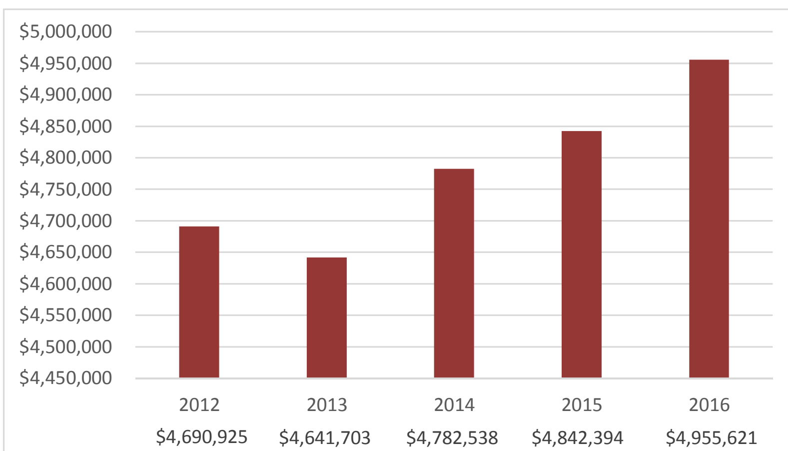
State Appropriations to Jackson College



Property Taxes

Only 10.9% of ACS 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 34.0%. 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 1.1446 (December 2008) is the lowest in the State. Property tax revenues have showed an increase as property values begin to slowly increase and past due tax bills get paid.

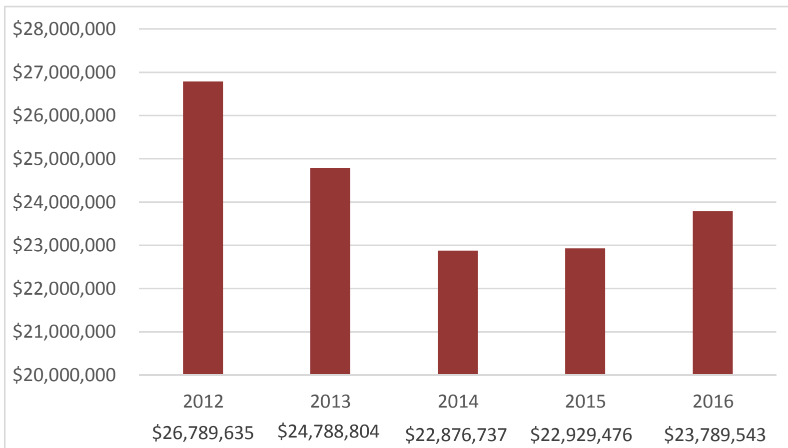
Property Tax Revenues to Jackson College



Tuition and Fees

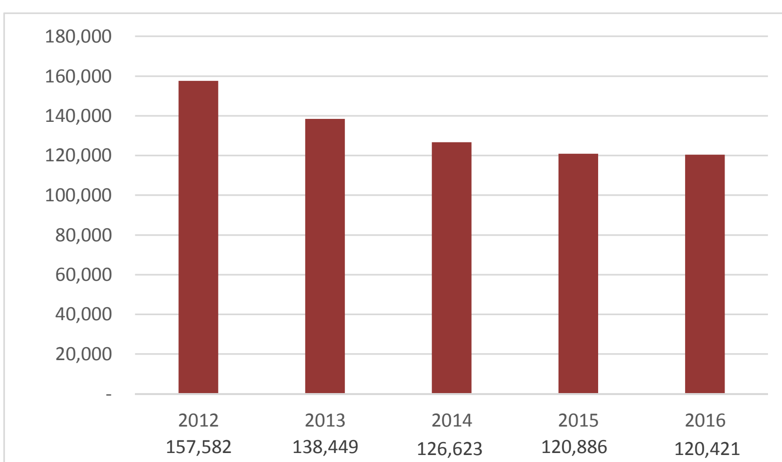
$11,905,877 and $11,476,101 of scholarship allowances against tuition and fees represent amounts paid by grants, resulting in a "discount rate" of 50.0% and 50.0% for fiscal 2016 and 2015, respectively. The bulk of the scholarship allowance is Federal Pell awards which were $8,611,472 and $8,922,468 for fiscal 2016 and 2015, respectively. It is expected that the number of students receiving federal funds will level off as enrollment levels off. For purposes of this analysis, to show trends over time, the following chart presents gross tuition and fees. The College experienced an increase of 3.75% from this source of revenue in the current year as compared to fiscal 2015. The scholarship allowances also increased by $429,776 or 3.74%.

Gross Tuition and Fees Revenues



There was a 0.4% decrease in the amount of billing contact hours generated in 2016. The College began to implement a comprehensive enrollment management plan that focuses on recruitment & retention. The College continues to focus on recruiting students of color, international students and graduating high school seniors. The decline in enrollment is due in part to declining high school graduating classes, and the improved local economy. It is estimated that the new efforts in total commitment to student success, the College will see further decline in enrollment however, not as significant as the national or state average.

Total Billing Contact Hours by Fiscal Year



Management's Discussion and Analysis - Unaudited

	Jackson College Enrollment by Semester and Fiscal Year			
	Billing Hours			
	Fall	Winter	Spring	Total
Fiscal Year				
2016	54,368	49,543	16,510	120,421
2015	55,221	50,128	15,537	120,886
2014	57,000	52,216	17,407	126,623
2013	63,010	57,396	18,043	138,449
2012	70,988	64,965	21,629	157,582

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

	Jackson College Hourly Tuition Rates		
	In District	Out of District	Out of State
Fiscal Year			
2016	$ 125.00	$ 172.00	$ 250.00
2015	$ 117.00	$ 161.00	$ 234.00
2014	$ 111.00	$ 161.00	$ 216.00
2013	$ 106.00	$ 159.00	$ 212.00
2012	$ 100.50	$ 141.50	$ 200.00

Other Operating Revenues

The income classification of seminars, workshops & other income increased over the prior year as the College received several large rebates related to lighting and electrical upgrades.

Expenses

Compared to statewide averages, JC is relatively close to the state averages. 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 ACS Averages			
	Statewide Average	Jackson College		
	2014-2015	2015-2016	2014-2015	2013-2014
Instructional	46.5%	47.7%	50.7%	50.0%
Public Service	1.4%	2.6%	2.4%	2.6%
Institutional Support	13.4%	7.8%	6.8%	6.4%
Student Services	13.2%	16.8%	14.8%	12.6%
Administration	13.3%	12.4%	12.6%	16.4%
Plant	12.2%	12.8%	12.7%	12.1%
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 ($10,877,797 in 2016 and $10,800,855 in 2015), grants and contracts ($3,133,399 in 2016 and $5,564,017 in 2015), State appropriations ($12,054,337 in 2016 and $13,203,069 in 2015), local property taxes ($4,955,621 in 2016 and $4,842,394 in 2015), Pell grant receipts ($8,611,472 in 2016 and $8,922,468 in 2015), state capital appropriations ($3,500,248 in 2016), and proceeds from capital debt ($9,600,463 in 2016 and $19,345,245 in 2015). The single, largest type of disbursement was compensation payments to or on behalf of the College’s employees ($30,434,465 in 2016 and $29,775,715 in 2015).

Capital Assets

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

	2016	2015
Land	$ 1,313,765	$ 1,313,765
Infrastructure and land improvements	3,712,757	3,712,757
Buildings and improvements	89,515,964	88,038,892
Leasehold improvements	2,247,106	2,247,106
Artwork	6,094,254	5,253,400
Equipment	12,907,097	12,016,320
Construction in progress	13,215,457	1,205,862
Total capital assets	129,006,400	113,788,102
Less accumulated depreciation	54,753,471	50,965,957
Capital assets, net	$ 74,252,929	$ 62,822,145

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

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. Because of economic growth and changes to the funding formula for community colleges, the State budget projects an increase of 1.2% in State appropriations for the 2016-17 year, along with a Board of Trustees approved tuition increase of 8.0% for the upcoming fiscal year.

In an effort to stay ahead of upcoming changes to state and federal funding guidelines, the College is focusing on total commitment to student success (TCS2). This focus has the College changing its student services model from traditional academic advising with a ratio of 1 advisor to 1,400+ students to approaching student services on a more personal level with Student Success Navigators who will be responsible for 200-300 students. The use of national bench mark data reveals that student success is higher for students who have a personal relationship with a college professional. This strategy will be fully implemented January 2017. The College will measure the success of this strategy by monitoring retention, persistence and graduation rates.

The College continues to make investments in instructional facilities, aging infrastructure and modernization of learning environments. The renovation of Bert Walker Hall was completed August 2016.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", is effective for the College’s fiscal year 2018 and establishes new recognition and disclosure requirements for employers that provide other postemployment benefits (OPEB) to recognize a net OPEB liability on their statement of net position based on an actuarial valuation of retiree healthcare. Since the College participates in the MPSERS OPEB plan, it will report a liability for its “proportionate share” of the “net OPEB liability” of the MPSERS OPEB plan. The College will be required to recognize OPEB expense, deferred outflows of resources and deferred inflows of resources related to its proportionate share of the corresponding collective OPEB amounts. The methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service will be specified in this Statement. Further updates are expected as MPSERS OPEB begins their actuarial calculations.

Jackson College is launching new academic programing in Dental Hygiene, Agriculture and Sports Management with hopes of attracting new students to the institution.

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

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INDEPENDENT AUDITORS' REPORT

November 3, 2016

Board of Trustees
Jackson College
Jackson, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of *Jackson College* (the “College”) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the College’s discretely presented component units, were not audited in accordance with *Government Auditing Standards.*

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component units of Jackson College as of June 30, 2016 and 2015, and the respective results of their operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 68

As described in Notes 2 and 7, the College implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* in the prior year. Accordingly, beginning net position of business-type activities as of July 1, 2014 was restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplementary combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued under separate cover our report dated November 3, 2016 on our consideration of *Jackson College's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 *Jackson College's* internal control over financial reporting and compliance.

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JACKSON COLLEGE

Statements of Net Position

	June 30, 2016	June 30, 2015
Assets		
Current assets		
Cash and cash equivalents	$ 13,969,858	$ 13,573,849
Restricted cash - unspent bond proceeds	-	9,851,645
Tuition and other receivables, net	2,508,177	1,502,308
State appropriations receivable	4,879,548	2,272,124
Federal and state grants receivable	776,655	612,317
Current portion of note receivable	22,027	22,027
Inventories	39,542	39,769
Prepaid expenses and other assets	720,248	1,221,163
Total current assets	22,916,055	29,095,202
Noncurrent assets		
Investments	13,764	14,291
Note receivable, net of current portion	66,558	86,891
Campus property, plant and equipment, net	74,252,929	62,822,145
Total noncurrent assets	74,333,251	62,923,327
Total assets	97,249,306	92,018,529
Deferred outflows of resources		
Deferred loss on refunding	421,575	433,578
Deferred pension amounts	2,805,682	3,948,860
Total deferred outflows of resources	3,227,257	4,382,438
Liabilities		
Current liabilities		
Accounts payable	4,475,657	1,580,607
Accrued compensation and other benefits	2,696,878	2,647,113
Current portion of long-term liabilities	2,556,562	2,016,247
Accrued interest	216,758	259,895
Unearned revenue	2,663,914	2,171,877
Total current liabilities	12,609,769	8,675,739
Noncurrent liabilities		
Long-term liabilities, net of current portion	37,183,595	39,647,012
Net pension liability	25,348,337	31,557,371
Total noncurrent liabilities	62,531,932	71,204,383
Total liabilities	75,141,701	79,880,122
Deferred inflows of resources		
Deferred pension amounts	8,180,072	3,488,676
Net position		
Net investment in capital assets	34,934,347	31,444,109
Restricted:		
Nonexpendable	22,664	22,893
Expendable	240,918	223,949
Unrestricted (deficit)	(18,043,139)	(18,658,782)
Total net position	$ 17,154,790	$ 13,032,169

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,	
	2016	**2015**
Operating revenues		
Tuition and fees (net of scholarship allowances of $11,905,877 and $11,476,101)	$ 11,883,666	$ 11,453,375
Federal grants and contracts	3,042,268	3,636,923
State grants and contracts	255,469	490,101
Housing revenue	1,304,302	1,315,173
Potter Center activities	446,700	468,218
Contract training	387,261	788,424
Seminars, workshops, and other	2,347,098	1,816,051
Total operating revenues	**19,666,764**	**19,968,265**
Operating expenses		
Instruction	19,010,049	19,585,427
Public service	1,068,232	1,233,054
Academic support	3,257,684	3,047,545
Student services	6,862,274	7,136,861
Administration	4,984,550	4,891,586
Operation and maintenance of plant	7,680,757	6,448,771
Depreciation and amortization	3,792,700	3,780,624
Total operating expenses	46,656,246	46,123,868
Operating loss	(26,989,482)	(26,155,603)
Nonoperating revenues (expenses)		
State appropriations	12,596,261	13,218,925
Local property taxes	4,955,621	4,842,394
Pell grant revenue	8,611,472	8,922,468
Private gifts and grants	130,360	130,887
Interest income	3,688	7,421
(Loss) gain on disposal of property and equipment	(2,314)	44,710
Interest expense	(1,589,587)	(1,510,802)
Transfer of funds to Jackson College Foundation	-	(16,800)
Net nonoperating revenues	24,705,501	25,639,203
Other revenues		
Capital gifts and grants	840,854	175,000
State capital appropriations	5,565,748	-
Total other revenues	6,406,602	175,000
Increase (decrease) in net position	4,122,621	(341,400)
Net position, beginning of year	13,032,169	44,403,804
Implementation of GASB 68 (Note 2)	-	(31,030,235)
Adjusted net position, beginning of year	13,032,169	13,373,569
Net position, end of year	$ 17,154,790	$ 13,032,169

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

JACKSON COLLEGE

Statements of Cash Flows

	Year Ended June 30, 2016	Year Ended June 30, 2015
Cash flows from operating activities		
Tuition and fees	$ 10,877,797	$ 10,800,855
Housing	1,304,302	1,315,173
Grants and contracts	3,133,399	5,564,017
Contract training	388,987	742,764
Payments to vendors	(7,016,425)	(10,573,220)
Payment to or on behalf of employees	(30,434,465)	(29,775,715)
Payments to students	(1,924,545)	(2,439,859)
Potter Center activities	396,641	469,211
Seminars, workshops and other	2,470,853	1,585,257
Net cash used in operating activities	(20,803,456)	(22,311,517)
Cash flows from noncapital financing activities		
State appropriations	12,054,337	13,203,069
Local property taxes	4,955,621	4,842,394
Pell grant receipts	8,611,472	8,922,468
Gifts and contributions for other than capital purposes	130,360	130,887
Direct loan program receipts	13,073,436	12,498,697
Direct loan program disbursements	(13,073,436)	(12,498,697)
State scholarship and grant receipts	90,880	90,880
State scholarship and grant disbursements	(90,880)	(90,880)
Net cash provided by noncapital financing activities	25,751,790	27,098,818
Cash flows from capital and related financing activities		
State capital appropriations	3,500,248	-
Capital gift and grant proceeds	840,854	175,000
Purchases and construction of campus property, plant and equipment	(15,228,880)	(2,538,361)
Proceeds from sale of property and equipment	3,082	48,183
Collection of note receivable	20,333	18,638
Proceeds from capital debt	9,600,463	19,345,245
Principal paid on capital debt	(11,511,562)	(11,312,169)
Interest paid on capital debt	(1,632,717)	(1,476,110)
Net cash provided by capital and related financing activities	(14,408,179)	4,260,426
Cash flows from investing activities		
Interest and dividends on investments	4,209	6,325
Net (decrease) increase in cash and cash equivalents	(9,455,636)	9,054,052
Cash and cash equivalents, beginning of year	23,425,494	14,371,442
Cash and cash equivalents, end of year	$ 13,969,858	$ 23,425,494
Reconciliation to statement of net position		
Cash and cash equivalents	$ 13,969,858	$ 13,573,849
Restricted cash - unspent bond proceeds	-	9,851,645
	$ 13,969,858	$ 23,425,494

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

JACKSON COLLEGE

Statements of Cash Flows (Concluded)

	Year Ended June 30,	
	2016	2015
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (26,989,482)	$ (26,155,603)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization	3,792,700	3,780,624
Change in operating assets and liabilities that provided (used) cash:		
Tuition and other receivables, net	(1,005,869)	(652,520)
Federal and state grants receivable	(164,338)	1,436,993
Inventories	227	6
Prepaid expenses and other assets	500,914	(552,121)
Accounts payable	2,895,050	605,756
Accrued compensation and other benefits	49,765	(252,924)
Long-term liabilities	-	(425,116)
Unearned revenue	492,037	(163,564)
Change in net pension liability and deferred amounts	(374,460)	66,952
Net cash used in operating activities	$ (20,803,456)	$ (22,311,517)

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

JACKSON COLLEGE

Foundation - Statements of Financial Position

	June 30, 2016	June 30, 2015
Assets		
Cash and cash equivalents	$ 59,481	$ 94,465
Investments	12,205,004	12,550,863
Related party receivable	17,590	8,140
Contributions receivable	-	8,975
Beneficial interests in remainder trusts	649,549	635,458
Cash surrender value of life insurance	84,000	81,000
Prepaid expenses and other assets	2,453	-
Total assets	$ 13,018,077	$ 13,378,901
Liabilities		
Accounts payable	$ 38,780	$ 277,037
Annuities payable	122,418	125,337
Total liabilities	161,198	402,374
Net assets		
Unrestricted	933,703	834,802
Temporarily restricted	1,906,982	2,147,882
Permanently restricted	10,016,194	9,993,843
Total net assets	12,856,879	12,976,527
Total liabilities and net assets	$ 13,018,077	$ 13,378,901

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

Foundation - Statements of Activities and Changes in Net Assets

	Year Ended June 30,	
	2016	2015
Support and revenue		
Gifts	$ 501,527	$ 700,085
Investment income and gains	136,851	75,205
Other revenue	241,262	205,088
Total support and revenue	879,640	980,378
Grants and expenses		
Grant payments to Jackson College	403,723	340,570
Grant payments to Dahlem Conservancy	64,280	64,136
Management and general expenses	537,095	466,736
Total grants and expenses	1,005,098	871,442
Support and revenue (less than) in excess of grants and expenses	(125,458)	108,936
Changes in values of interests in remainder trusts and actuarial adjustment of annuities	5,810	(16,625)
Transfers from Jackson College	-	16,800
Transfers to Jackson Public Schools Hurst Planetarium	-	(10,000)
Transfers to Jackson Preparatory & Early College	-	(100,000)
Decrease in net assets	(119,648)	(889)
Net assets, beginning of year	12,976,527	12,977,416
Net assets, end of year	$ 12,856,879	$ 12,976,527

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

JACKSON COLLEGE

Dormitories - Statements of Financial Position

	June 30,	
	2016	2015
Assets		
Cash and cash equivalents	$ 520,217	$ -
Restricted cash	909,926	4,103,934
Related party receivable	2,550	-
Deferred bond issuance costs, net of accumulated amortization of $13,793 in 2016 and $0 in 2015	413,762	427,555
Net property	8,834,013	6,227,068
Total assets	**$ 10,680,468**	**$ 10,758,557**
Liabilities		
Accounts payable	$ 117,663	$ 730,481
Accrued interest	123,732	109,729
Bond and note payable	10,419,804	9,929,024
Total liabilities	10,661,199	10,769,234
Net assets (deficit)		
Unrestricted	19,269	(10,677)
Total liabilities and net assets (deficit)	**$ 10,680,468**	**$ 10,758,557**

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

JACKSON COLLEGE

Dormitories - Statements of Activities and Changes in Net Assets (Deficit)

	Year Ended June 30,	
	2016	2015
Revenue		
Housing rental	$ 1,028,700	$ -
Interest income	918	-
Total revenue	1,029,618	-
Expenses		
Office	14,109	-
Occupancy	100,554	-
Interest	658,496	10,677
Depreciation	226,513	-
Total expenses	999,672	10,677
Increase (decrease) in net assets	29,946	(10,677)
Net deficit, beginning of year (deficit)	(10,677)	-
Net assets (deficit), end of year	$ 19,269	$ (10,677)

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

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.

Jackson College Dormitories ("JCD") is a legally separate, tax-exempt not-for-profit organization that was formed at 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.

The College presents the Foundation and JCD as discretely presented component units of the College.

Separate financial statements are issued for the Foundation and JCD that are prepared in accordance with the accounting standards established by the Financial Accounting Standards Board. Those 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 *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001.*

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. Fund financial information is not required for BTA reporting.

Use of Estimates

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

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. On the Statement of Net Position, restricted cash (unspent bond proceeds) is segregated from cash and cash equivalents. For the Statement of Cash Flows, however, restricted cash is included in the beginning and ending balances of cash and cash equivalents.

Investments

Investments are carried at fair value determined using quoted market prices.

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, 2016 or 2015. 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.

Campus Property, Plant and Equipment

Campus property, plant and equipment, consisting of institutional physical properties used in College operations, are recorded at cost or, if acquired by gift, at fair market value 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 position 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 loss 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 for changes in expected and actual investment returns, changes in assumptions, and certain contributions made to the 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 position 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-related amounts, such as the difference between projected and actual earnings of the pension plan's investments and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 7.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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, 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.

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 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 and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

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 balance of the College consists primarily of funds restricted for student loans, scholarships, and other purposes.

Restricted nonexpendable: Net position which represents the portion of net position which is subject to externally imposted constraints that require the amounts be retained in perpetuity.

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

New Accounting Pronouncement

As of July 1, 2014, the College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* This statement requires that the College recognize a net pension liability on the statement of net position, equal to the College's proportionate share of the net pension liability of the Michigan Public School Employees Retirement System (MPSERS), as defined and calculated in accordance with the new standard. More detailed information can be found in Note 7. As a result of this change, the College recognized a net pension liability of $33,570,760 and deferred outflows of resources of $2,540,525, which resulted in a decrease in net position of $31,030,235 as of July 1, 2014.

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:

	2016	2015
Cash and cash equivalents	$ 13,969,858	$ 13,573,849
Restricted cash - unspent bond proceeds	-	9,851,645
Investments	13,764	14,291
	$ 13,983,622	**$ 23,439,785**

The above amounts are categorized as follows at June 30:

	2016	2015
Bank deposits (checking, savings, cash sweep accounts and certificates of deposit)	$ 13,969,058	$ 23,424,694
Petty cash	800	800
Total deposits	13,969,858	23,425,494
Investments in equity securities	13,764	14,291
Total	**$ 13,983,622**	**$ 23,439,785**

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, 2016, $8,671,870 of the College's bank deposits balance of $13,441,132 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2015, $17,172,892 of the College's bank deposits balance of $23,969,482 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

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 consist of the following amounts at June 30:

	2016	2015
Tuition and fees	$ 2,532,642	$ 1,354,755
Private grants	8,679	3,228
Reimbursements	133,488	102,699
Due from Jackson College Foundation	-	262,311
Due from Jackson Preparatory and Early College	225,701	172,416
Bookstore	2,137	2,789
Employees	5,530	4,110
Total	2,908,177	1,902,308
Less allowances	400,000	400,000
Tuition and other receivables, net	$ 2,508,177	$ 1,502,308

Notes to Financial Statements

5. CAMPUS PROPERTY, PLANT AND EQUIPMENT, NET

The following tables present in summary fashion the changes in the components of campus property, plant and equipment for the years ended June 30:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
2016					
Capital assets:					
Land	$ 1,313,765	$ -	$ -	$ -	$ 1,313,765
Infrastructure and land improvements	3,712,757	-	-	-	3,712,757
Buildings and improvements	88,038,892	1,065,388	-	411,684	89,515,964
Leasehold improvements	2,247,106	-	-	-	2,247,106
Artwork	5,253,400	840,854	-	-	6,094,254
Furniture, fixtures and equipment	12,016,320	901,359	(10,582)	-	12,907,097
Construction in progress	1,205,862	12,421,279	-	(411,684)	13,215,457
Total property and equipment	113,788,102	15,228,880	(10,582)	-	129,006,400
Less accumulated depreciation	50,965,957	3,792,700	(5,186)	-	54,753,471
Campus property, plant and equipment, net	$ 62,822,145	$ 11,436,180	$ (5,396)	$ -	$ 74,252,929

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
2015					
Capital assets:					
Land	$ 1,313,765	$ -	$ -	$ -	$ 1,313,765
Infrastructure and land improvements	3,481,103	90,957	-	140,697	3,712,757
Buildings and improvements	87,449,523	589,369	-	-	88,038,892
Leasehold improvements	2,247,106	-	-	-	2,247,106
Artwork	5,253,400	-	-	-	5,253,400
Furniture, fixtures and equipment	11,915,697	652,173	(551,550)	-	12,016,320
Construction in progress	140,697	1,205,862	-	(140,697)	1,205,862
Total property and equipment	111,801,291	2,538,361	(551,550)	-	113,788,102
Less accumulated depreciation	47,733,410	3,780,624	(548,077)	-	50,965,957
Campus property, plant and equipment, net	$ 64,067,881	$ (1,242,263)	$ (3,473)	$ -	$ 62,822,145

Notes to Financial Statements

6. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2016					
Bonds payable					
General Bonds - 2006	$ 11,065,000	$ -	$ 10,240,000	$ 825,000	$ 825,000
General Bonds - 2007	3,710,000	-	390,000	3,320,000	410,000
General Bonds - 2008	6,435,000	-	335,000	6,100,000	350,000
General Bonds - 2010	1,000,000	-	500,000	500,000	500,000
General Bonds - 2014	9,180,000	-	-	9,180,000	-
General Bonds - 2015	9,990,000	-	-	9,990,000	350,000
General Bonds - 2016	-	9,255,000	-	9,255,000	75,000
Total bonds payable	41,380,000	9,255,000	11,465,000	39,170,000	2,510,000
Deferred amounts					
Bond premium	546,801	333,460	66,769	813,492	66,769
Bond discount	(263,542)	-	(20,207)	(243,335)	(20,207)
Total deferred amounts	283,259	333,460	46,562	570,157	46,562
	$ 41,663,259	$ 9,588,460	$ 11,511,562	39,740,157	$ 2,556,562
Less current portion				2,556,562	
Long-term liabilities, net of current portion				$ 37,183,595	

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2015					
Bonds payable					
General Bonds - 2006	$ 11,815,000	$ -	$ 750,000	$ 11,065,000	$ 775,000
General Bonds - 2007	4,085,000	-	375,000	3,710,000	390,000
General Bonds - 2008	6,755,000	-	320,000	6,435,000	335,000
General Bonds - 2010	10,800,000	-	9,800,000	1,000,000	500,000
General Bonds - 2014	-	9,280,000	100,000	9,180,000	-
General Bonds - 2015	-	9,990,000	-	9,990,000	-
Total bonds payable	33,455,000	19,270,000	11,345,000	41,380,000	2,000,000
Deferred amounts					
Bond premium	-	583,255	36,454	546,801	36,454
Bond discount	(258,395)	(74,432)	(69,285)	(263,542)	(20,207)
Total deferred amounts	(258,395)	508,823	(32,831)	283,259	16,247
Accrued employee severance	425,116	-	425,116	-	-
	$ 33,621,721	$ 19,778,823	$ 11,737,285	41,663,259	$ 2,016,247
Less current portion				2,016,247	
Long-term liabilities, net of current portion				$ 39,647,012	

Bonded Debt

$825,000 General Bonds, Series 2006

Unsecured bonds mature serially in annual amounts ranging from $775,000 to $825,000 through 2017, with interest charges at rates ranging from 4.00% to 4.50% per annum.

During 2016, the College refunded $9,465,000 of the Series 2006 bonds, with an average interest rate of 2.36%.

$6,000,000 General Bonds, Series 2007

Unsecured bonds mature in annual amounts ranging from $375,000 to $545,000 through 2023 with interest charges at rates ranging from 4.00% to 4.15% per annum.

$8,150,000 General Bonds, Series 2008

Unsecured bonds mature in annual amounts ranging from $320,000 to $605,000 through 2029 with interest charges at rates ranging from 3.25% to 4.40% per annum.

$1,000,000 General Bonds, Series 2010

Unsecured bonds mature in annual amounts ranging from $500,000 to $1,000,000 through 2017 with interest charges at rates ranging from 1.70% to 6.27% per annum. The bonds are designated as “Build America Bonds” under Section 54AA of Internal Revenue Code. A credit of $7,146 and $31,000 was received during fiscal 2016 and 2015, respectively, from the U.S. Treasury equal to 27.8% of the stated interest paid during fiscal 2016 and 2015, which was recorded as a direct reduction to the College’s interest expense.

During 2015, the College refunded $9,300,000 of the Series 2010, “Build America Bond” with an average interest rate of 3.16%.

$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. The net proceeds of $9,733,578 (after payment of $129,676 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 $370,962 and a net present value savings of $304,771. As of June 30, 2015, the 2010 Series Bonds in the amount of $9,300,000 are considered defeased and the liability has been removed from the statement of net position.

$9,990,000 General Bonds, Series 2015

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

$9,255,000 General 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.

Scheduled principal and interest requirements of long-term debt for years succeeding June 30, 2016, are summarized below:

Year Ending June 30,	Principal	Interest	Total
2017	$ 2,510,000	$ 1,300,545	$ 3,810,545
2018	2,625,000	1,200,708	3,825,708
2019	2,720,000	1,129,521	3,849,521
2020	2,790,000	1,054,346	3,844,346
2021	2,850,000	976,811	3,826,811
2022-2026	14,415,000	3,572,433	17,987,433
2027-2031	8,455,000	1,363,201	9,818,201
2032-2035	2,805,000	256,831	3,061,831
Totals	$ 39,170,000	$ 10,854,396	$ 50,024,396

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 will amount to $15,200,000 once the renovation is 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.

Employee Severance Plan

The College entered into an employee severance plan to reduce the percentage of top of scale employees and increase the percentage of lower salary employees, while avoiding layoffs and program cuts. The "Employee Severance Plan" was a onetime offer to full-time faculty, administrators, technical, and classified employees who would have twelve (12) or more years of service with Jackson College or will be eligible to retire with full or reduced benefits with the Michigan Public School Employee Retirement System as of June 30, 2012. The College selected Educators Preferred Corporation (EPC) to implement and administer the five (5) year buyout plan. The severance plan was selected by four (4) administrators, nine (9) faculty, and seven (7) technical and classified employees. The College is liable for paying the full cost of the plan over a three (3) year period beginning in 2013. The College made the remaining required payments of $425,116 in 2015.

7. PENSION PLANS

Defined Benefit

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

The System's financial statements are available at www.michigan.gov/mpsers-cafr.

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.

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.

Contributions and Funded Status

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, 2015 valuation will be amortized over a 21-year period for the 2015 fiscal year.

Employer contribution requirements for pension, inclusive of the MPSERS UAAL Stabilization rates, ranged from 14.56% to 18.95% of covered payroll for the College's fiscal 2016. Plan member contributions range from 3.00% to 9.40% of covered payroll for the College's fiscal 2016.

Employer contribution requirements for pension, inclusive of the MPSERS UAAL Stabilization rates, ranged from 18.76% to 23.07% of covered payroll for the College's fiscal 2015. Plan member contributions range from 3.00% to 9.40% of covered payroll for the College's fiscal 2015.

The College's contributions to MPSERS under all pension plans for the year ended June 30, 2016 and 2015 were $2,252,000 and $3,135,000, respectively. The College's contributions to MPSERS for all plans, including other postemployment benefits as described on page 37 for the year ended June 30, 2014 was $3,802,000. These amounts are equal to the College's required contribution for each year.

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

At June 30, 2016 and 2015, the College reported a liability of $25,348,337 and $31,557,371, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2014 and 2013, 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, 2015, the College's proportion was 0.10378%, compared to 0.14327% at September 30, 2014 a decrease of -0.03949%.

For the year ended June 30, 2016, the College recognized its proportionate share of the system's pension expense of $173,819. At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 83,962	$ (83,962)
Changes in assumptions	624,130	-	624,130
Net difference between projected and actual earnings on pension plan investments	129,383	-	129,383
Changes in proportion and differences between employer contributions and proportionate share of contributions	43,340	7,358,505	(7,315,165)
	796,853	7,442,467	(6,645,614)
College contributions subsequent to the measurement date	2,008,829	-	2,008,829
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	737,605	(737,605)
	2,008,829	737,605	1,271,224
Total	$ 2,805,682	$ 8,180,072	$ (5,374,390)

The $2,008,829 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, 2017. The $737,605 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 appropriation revenue for the year ending June 30, 2017. Other amounts 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
2017	$ (1,897,528)
2018	(1,897,528)
2019	(1,931,375)
2020	(919,183)
Total	$ (6,645,614)

For the year ended June 30, 2015, the College recognized its proportionate share of the system's pension expense of $2,556,250. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	$ 1,164,398	$ -	$ 1,164,398
Net difference between projected and actual earnings on pension plan investments	-	3,488,676	(3,488,676)
	1,164,398	3,488,676	(2,324,278)
College contributions subsequent to the measurement date	2,784,462	-	2,784,462
Total	$ 3,948,860	$ 3,488,676	$ 460,184

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. The total pension liability in the September 30, 2014 and 2013 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	3.5%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	8.0%
Pension Plus plan (hybrid)	7.5% for 2014 (7.0% for 2013)
Projected salary increases	3.5% - 12.3%, including wage inflation at 3.5%
Cost of living adjustments	3% annual non-compounded for MIP members
Mortality	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2015 and 2014, is based on the results of an actuarial valuation date of September 30, 2014 and 2013, respectively, and rolled forward using generally accepted actuarial procedures, including the experience study for the 2014 valuation.

Long-Term Expected Return on 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, 2015 and 2014, are summarized in the following tables:

2015 **Asset Class**	**Target Allocation**	**Long-term Expected Real Rate of Return**	**Expected Money-Weighted Rate of Return**
Domestic equity pools	28.00%	5.90%	1.64%
Alternative investment pools	18.00%	9.20%	1.66%
International equity	16.00%	7.20%	1.15%
Fixed income pools	10.50%	0.90%	0.09%
Real estate and infrastructure pools	10.00%	4.30%	0.43%
Absolute return pools	15.50%	6.00%	0.93%
Short-term investment pools	2.00%	0.00%	0.00%
	100.00%		5.90%
Inflation			2.10%
Investment rate of return			8.00%

2014 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	4.80%	1.34%
Alternative investment pools	18.00%	8.50%	1.53%
International equity	16.00%	6.10%	0.98%
Fixed income pools	10.50%	1.50%	0.16%
Real estate and infrastructure pools	10.00%	5.30%	0.53%
Absolute return pools	15.50%	6.30%	0.98%
Short-term investment pools	2.00%	-0.20%	-0.02%
	100.00%		5.50%
Inflation			2.50%
Investment rate of return			8.00%

Discount Rate

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that 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 plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 as of June 30, 2016 and 2015 calculated using the discount rate of 8.0% (7.0% for the Hybrid Plan), as well as what the College’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

College's proportionate share of the net pension liability	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
As of June 30, 2016	$ 32,680,504	$ 25,348,337	$ 19,167,019
As of June 30, 2015	41,605,596	31,557,371	23,091,524

Pension Plan Fiduciary Net Position

Detailed information about the pension 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, 2016, the College reported a payable of $291,835 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2016. As of June 30, 2015, the College reported a payable of $212,120 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2015.

Other Postemployment Benefits

Retirees enrolled in MPSERS before September 4, 2012 have the option of participating in the *Premium Subsidy* plan, a defined benefit postemployment healthcare plan, which is funded by employers on a prefunded basis. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension. Employer contributions range from 6.40% to 6.83% and 2.20% to 2.71% of covered payroll for fiscal 2016 and 2015, respectively. Plan participants contribute 3% of covered payroll to the Retiree Healthcare Fund. At retirement, these individuals receive a subsidy for healthcare premiums that covers up to 80% of cost.

Plan members enrolled on or after September 4, 2012 participate in the *Personal Healthcare Fund.* This defined contribution other postemployment benefits plan includes a required 2% employee contribution into a personal tax-deferred account, which is matched by an additional 2% employer contribution. Employees are fully vested in these contributions which can be used, along with earnings thereon, to pay for postemployment healthcare expenses. Plan members working prior to September 4, 2012 were given the option to convert from the Premium Subsidy plan to the Personal Healthcare Fund option. Effective February 1, 2013, these members are no longer required to make the 3% employee contribution. Amounts paid into the Retiree Healthcare Fund between September 4, 2012 and February 1, 2013 were credited to each individual's Personal Healthcare Fund account. Any contributions made prior to September 4, 2012 were declared unconstitutional by the Supreme Court. Such amounts will be refunded by MPSERS to each College, including interest, and will then be refunded to individual employees.

The College's contributions to MPSERS for other postemployment benefits amounted to $933,969 and $317,227 for the years ended June 30, 2016 and 2015, respectively.

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, 2016 and 2015, the cost of this plan to the College was approximately $1,055,000 and $903,000 and participant contributions in the form of payroll deductions were approximately $295,000 and $283,000, respectively.

8. RELATED PARTIES

Jackson College Foundation

The College employs all Foundation staff and charges the Foundation an allocation percentage to cover a portion of such personnel costs, as well as other Foundation related costs by the College. In addition, the College received payments from the Foundation for student scholarships and other support, including capital gifts, totaling $403,723 and $340,570 for the years ended June 30, 2016 and 2015, respectively. The College entered a lease agreement with the Foundation on July 1, 2012 related to its W. J. Maher Campus building. The Foundation charged the College $175,000 and $150,000 in rent for fiscal 2016 and 2015, respectively.

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.

Jackson College Dormitories

In August 2014, the College created Jackson College Dormitories (JCD), a separate tax exempt corporation following IRS code 501(c)(3). The creation of JCD was solely to finance and construct Campus View 3. JCD's expenses include depreciation on the building, interest payments on debt, direct utilities and other direct expenses covered by the rental income. Beginning in fiscal year 2016, the College collected and distributed rents for/to JCD and provided management and cleaning of the building. In 2015, the College purchased the architectural drawings of the building in the amount of $400,000 and made a deposit on furniture for JCD’s suites in the amount of $502,500. For the year ended June 30, 2016, the College collected on behalf of and remitted to JCD $1,028,700 in rental revenue.

Other

During the years ended June 30, 2016 and 2015, the College paid a Foundation board member approximately $8,800 and $77,000 for architect services, respectively.

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:

	2016	2015
Major maintenance and equipment replacement	$ 6,536,653	$ 6,048,203
Future operations	5,442,598	5,690,660
Total designated	11,979,251	11,738,863
Pension liability fund deficit	(30,722,727)	(31,097,187)
Undesignated	700,337	699,542
Total unrestricted net deficit	$ (18,043,139)	$ (18,658,782)

Notes to Financial Statements

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, 2016 and 2015, 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, 2020.

Construction Commitment

The construction project to renovate Bert Walker Hall was completed in August 2016. Additional costs incurred subsequent to June 30, 2016 were approximately $740,000.

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REQUIRED SUPPLEMENTARY INFORMATION

MPSERS COST-SHARING
MULTIPLE-EMPLOYER PLAN

Required Supplementary Information

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

	Year Ended June 30,	
	2016	2015
College's proportion of the net pension liability	$ 25,348,337	$ 31,557,371
College's proportionate share of the net pension liability	0.10378%	0.14327%
College's covered-employee payroll	$ 11,953,809	$ 12,661,497
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	212.05%	249.24%
Plan fiduciary net position as a percentage of the total pension liability	63.17%	66.20%

The amounts presented for the fiscal year were determined as of September 30 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Schedule of College Contributions

	Year Ended June 30,	
	2016	2015
Contractually required contribution	$ 2,252,429	$ 3,135,547
Contributions in relation to the contractually required contribution	(2,252,429)	(3,135,547)
Contribution deficiency (excess)	$ -	$ -
College's covered-employee payroll	11,571,205	11,858,371
Contributions as a percentage of covered employee payroll	19.47%	26.44%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

SUPPLEMENTARY COMBINING INFORMATION

JACKSON COLLEGE

Combining Statement of Net Position (Unaudited)
June 30, 2016

	General Fund	Designated Fund	Restricted Funds	Pension Liability Fund	Endowment Funds	Plant Funds	Combined Total
Assets							
Current assets							
Cash and cash equivalents	$ 1,095,069	$ 5,646,285	$ (209,936)	$ -	$ 8,900	$ 7,429,540	$ 13,969,858
Tuition and other receivables, net	2,355,327	143,324	9,526	-	-	-	2,508,177
State appropriations receivable	2,419,525	394,523	-	-	-	2,065,500	4,879,548
Federal and state grants receivable	6,400	-	770,255	-	-	-	776,655
Current portion of notes receivable	-	-	-	-	-	22,027	22,027
Inventories	39,542	-	-	-	-	-	39,542
Prepaid expenses and other assets	715,978	-	4,270	-	-	-	720,248
Due from (to) other funds	-	(354,287)	590,937	-	-	(236,650)	-
Total current assets	6,631,841	5,829,845	1,165,052	-	8,900	9,280,417	22,916,055
Noncurrent assets							
Investments	-	-	-	-	13,764	-	13,764
Notes receivable, net of current portion	-	-	-	-	-	66,558	66,558
Campus property, plant and equipment, net	-	-	-	-	-	74,252,929	74,252,929
Total noncurrent assets	-	-	-	-	13,764	74,319,487	74,333,251
Total assets	6,631,841	5,829,845	1,165,052	-	22,664	83,599,904	97,249,306
Deferred outflows of resources							
Deferred charge on refunding	-	-	-	-	-	421,575	421,575
Deferred pension amounts	-	-	-	2,805,682	-	-	2,805,682
Total deferred outflows of resources	-	-	-	2,805,682	-	421,575	3,227,257
Liabilities							
Current liabilities							
Accounts payable	1,200,779	387,247	294,067	-	-	2,593,564	4,475,657
Accrued compensation and benefits	2,676,891	-	19,987	-	-	-	2,696,878
Current portion of long-term liabilities	-	-	-	-	-	2,556,562	2,556,562
Accrued interest	-	-	-	-	-	216,758	216,758
Unearned revenue	2,053,834	-	610,080	-	-	-	2,663,914
Total current liabilities	5,931,504	387,247	924,134	-	-	5,366,884	12,609,769
Noncurrent liabilities							
Long-term liabilities, net of current portion	-	-	-	-	-	37,183,595	37,183,595
Net pension liability	-	-	-	25,348,337	-	-	25,348,337
Total noncurrent liabilities	-	-	-	25,348,337	-	37,183,595	62,531,932
Total liabilities	5,931,504	387,247	924,134	25,348,337	-	42,550,479	75,141,701
Deferred inflows of resources							
Deferred pension amounts	-	-	-	8,180,072	-	-	8,180,072
Net position							
Net investment in capital assets	-	-	-	-	-	34,934,347	34,934,347
Restricted:							
Nonexpendable	-	-	-	-	22,664	-	22,664
Expendable	-	-	240,918	-		-	240,918
Unrestricted (deficit)	700,337	5,442,598	-	(30,722,727)	-	6,536,653	(18,043,139)
Total net position (deficit)	$ 700,337	$ 5,442,598	$ 240,918	$ (30,722,727)	$ 22,664	$ 41,471,000	$ 17,154,790

JACKSON COLLEGE

Combining Statement of Net Position (Unaudited)
June 30, 2015

	General Fund	Designated Fund	Restricted Funds	Pension Liability Fund	Endowment Funds	Plant Funds	Combined Total
Assets							
Current assets							
Cash and cash equivalents	$ 1,683,823	$ 5,516,694	$ 132,147	$ -	$ 8,602	$ 6,232,583	$ 13,573,849
Restricted cash - unspent bond proceeds	-	-	-	-	-	9,851,645	9,851,645
Tuition and other receivables, net	1,143,552	177,948	3,228	-	-	177,580	1,502,308
State appropriations receivable	2,272,124	-	-	-	-	-	2,272,124
Federal and state grants receivable	6,226	-	606,091	-	-	-	612,317
Current portion of notes receivable	-	-	-	-	-	22,027	22,027
Inventories	39,769	-	-	-	-	-	39,769
Prepaid expenses and other assets	718,434	-	-	-	-	502,729	1,221,163
Total current assets	5,863,928	5,694,642	741,466	-	8,602	16,786,564	29,095,202
Noncurrent assets							
Investments	-	-	-	-	14,291	-	14,291
Notes receivable, net of current portion	-	-	-	-	-	86,891	86,891
Campus property, plant and equipment, net	-	-	-	-	-	62,822,145	62,822,145
Total noncurrent assets	-	-	-	-	14,291	62,909,036	62,923,327
Total assets	5,863,928	5,694,642	741,466	-	22,893	79,695,600	92,018,529
Deferred outflows of resources							
Deferred charge on refunding	-	-	-	-	-	433,578	433,578
Deferred pension amounts	-	-	-	3,948,860	-	-	3,948,860
Total deferred outflows of resources	-	-	-	3,948,860	-	433,578	4,382,438
Liabilities							
Current liabilities							
Accounts payable	807,914	3,982	54,999	-	-	713,712	1,580,607
Accrued compensation and benefits	2,620,828	-	26,285	-	-	-	2,647,113
Current portion of long-term liabilities	-	-	-	-	-	2,016,247	2,016,247
Accrued interest	-	-	-	-	-	259,895	259,895
Unearned revenue	1,735,644	-	436,233	-	-	-	2,171,877
Total current liabilities	5,164,386	3,982	517,517	-	-	2,989,854	8,675,739
Noncurrent liabilities							
Long-term liabilities, net of current portion	-	-	-	-	-	39,647,012	39,647,012
Net pension liability	-	-	-	31,557,371	-	-	31,557,371
Total noncurrent liabilities	-	-	-	31,557,371	-	39,647,012	71,204,383
Total liabilities	5,164,386	3,982	517,517	31,557,371	-	42,636,866	79,880,122
Deferred inflows of resources							
Deferred pension amounts	-	-	-	3,488,676	-	-	3,488,676
Net position							
Net investment in capital assets	-	-	-	-	-	31,444,109	31,444,109
Restricted:							
Nonexpendable	-	-	-	-	22,893	-	22,893
Expendable	-	-	223,949	-		-	223,949
Unrestricted (deficit)	699,542	5,690,660	-	(31,097,187)	-	6,048,203	(18,658,782)
Total net position (deficit)	$ 699,542	$ 5,690,660	$ 223,949	$ (31,097,187)	$ 22,893	$ 37,492,312	$ 13,032,169

JACKSON COLLEGE

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

Year Ended June 30, 2016

	General Fund	Designated Fund	Restricted Funds	Pension Liability Fund	Endowment Funds	Plant Funds	Elimination Entries	Combined Total
Operating revenues								
Tuition and fees (net of scholarship allowances of $11,905,877)	$ 23,789,543	$ -	$ -	$ -	$ -	$ -	$ (11,905,877)	$ 11,883,666
Federal grants and contracts	18,400	-	3,023,868	-	-	-	-	3,042,268
State grants and contracts	-	-	255,469	-	-	-	-	255,469
Housing revenue	1,304,302	-	-	-	-	-	-	1,304,302
Potter Center activities	446,700	-	-	-	-	-	-	446,700
Contract training	387,261	-	-	-	-	-	-	387,261
Seminars, workshops, and other	1,029,518	336,796	656,891	-	(1)	323,894	-	2,347,098
Current funds expenditures for capital equipment and improvements	-	-	-	-	-	14,388,027	(14,388,027)	-
Total operating revenues	**26,975,724**	**336,796**	**3,936,228**	**-**	**(1)**	**14,711,921**	**(26,293,904)**	**19,666,764**
Operating expenses								
Instruction	19,087,155	-	200,910	(278,016)	-	-	-	19,010,049
Public service	1,030,490	-	37,742	-	-	-	-	1,068,232
Academic support	3,120,938	-	414,763	(278,017)	-	-	-	3,257,684
Student services	6,702,953	137,947	12,372,077	(444,826)	-	-	(11,905,877)	6,862,274
Administration	4,960,227	-	79,926	(55,603)	-	-	-	4,984,550
Operation and maintenance of plant	5,109,246	-	20,000	(55,603)	-	16,995,141	(14,388,027)	7,680,757
Depreciation and amortization	-	-	-	-	-	3,792,700	-	3,792,700
Total operating expenses	40,011,009	137,947	13,125,418	(1,112,065)	-	20,787,841	(26,293,904)	46,656,246
Operating (loss) income	(13,035,285)	198,849	(9,189,190)	1,112,065	(1)	(6,075,920)	-	(26,989,482)
Nonoperating revenues (expenses)								
State appropriations	13,333,866	-	-	(737,605)	-	-	-	12,596,261
Local property taxes	4,955,621	-	-	-	-	-	-	4,955,621
Pell grant revenue	-	-	8,611,472	-	-	-	-	8,611,472
Private gifts and grants	108,918	17,692	3,750	-	-	-	-	130,360
Interest income	34	2,304	-	-	(228)	1,578	-	3,688
Loss on disposal of property and equipment	-	-	-	-	-	(2,314)	-	(2,314)
Interest expense	-	-	-	-	-	(1,589,587)	-	(1,589,587)
Net nonoperating revenues (expenses)	18,398,439	19,996	8,615,222	(737,605)	(228)	(1,590,323)	-	24,705,501
Other revenues								
Capital gifts and grants	-	-	-	-	-	840,854	-	840,854
State capital appropriations	-	-	-	-	-	5,565,748	-	5,565,748
Total other revenues	-	-	-	-	-	6,406,602	-	6,406,602
Increase (decrease) in net position	5,363,154	218,845	(573,968)	374,460	(229)	(1,259,641)	-	4,122,621
Transfers in (out)	(5,362,359)	(466,907)	590,937	-	-	5,238,329	-	-
Net increase (decrease) in net position	795	(248,062)	16,969	374,460	(229)	3,978,688	-	4,122,621
Net position, beginning of year,	699,542	5,690,660	223,949	(31,097,187)	22,893	37,492,312	-	13,032,169
Net position (deficit), end of year	$ 700,337	$ 5,442,598	$ 240,918	$ (30,722,727)	$ 22,664	$ 41,471,000	$ -	$ 17,154,790

JACKSON COLLEGE

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

Year Ended June 30, 2015

	General Fund	Designated Fund	Restricted Funds	Pension Liability Fund	Endowment Funds	Plant Funds	Elimination Entries	Combined Total
Operating revenues								
Tuition and fees (net of scholarship allowances of $11,476,101)	$ 22,929,476	$ -	$ -	$ -	$ -	$ -	$ (11,476,101)	$ 11,453,375
Federal grants and contracts	18,226	-	3,618,697	-	-	-	-	3,636,923
State grants and contracts	-	-	490,101	-	-	-	-	490,101
Housing revenue	1,315,173	-	-	-	-	-	-	1,315,173
Potter Center activities	468,218	-	-	-	-	-	-	468,218
Contract training	788,424	-	-	-	-	-	-	788,424
Seminars, workshops, and other	843,432	315,377	633,932	-	-	23,310	-	1,816,051
Current funds expenditures for capital equipment and improvements	-	-	-	-	-	2,538,361	(2,538,361)	-
Total operating revenues	**26,362,949**	**315,377**	**4,742,730**	**-**	**-**	**2,561,671**	**(14,014,462)**	**19,968,265**
Operating expenses								
Instruction	19,415,219	-	153,470	16,738	-	-	-	19,585,427
Public service	923,629	-	309,425	-	-	-	-	1,233,054
Academic support	2,596,324	-	434,483	16,738	-	-	-	3,047,545
Student services	5,679,607	161,969	12,744,605	26,781	-	-	(11,476,101)	7,136,861
Administration	4,852,442	-	35,796	3,348	-	-	-	4,891,586
Operation and maintenance of plant	4,898,767	-	17,869	3,347	-	4,067,149	(2,538,361)	6,448,771
Depreciation and amortization	-	-	-	-	-	3,780,624	-	3,780,624
Total operating expenses	38,365,988	161,969	13,695,648	66,952	-	7,847,773	(14,014,462)	46,123,868
Operating (loss) income	(12,003,039)	153,408	(8,952,918)	(66,952)	-	(5,286,102)	-	(26,155,603)
Nonoperating revenues (expenses)								
State appropriations	13,218,925	-	-	-	-	-	-	13,218,925
Local property taxes	4,842,394	-	-	-	-	-	-	4,842,394
Pell grant revenue	-	-	8,922,468	-	-	-	-	8,922,468
Private gifts and grants	108,442	22,445	-	-	-	-	-	130,887
Interest income	35	5,948	-	-	1,345	93	-	7,421
Gain on disposal of property and equipment	-	-	-	-	-	44,710	-	44,710
Interest expense	-	-	-	-	-	(1,510,802)	-	(1,510,802)
Transfer of funds to Jackson College Foundation	-	(16,800)	-	-	-	-	-	(16,800)
Net nonoperating revenues (expenses)	18,169,797	11,593	8,922,468	-	1,345	(1,465,999)	-	25,639,203
Other revenues								
Capital gifts and grants	-	-	-	-	-	175,000	-	175,000
(Decrease) increase in net position	6,166,757	165,001	(30,450)	(66,952)	1,345	(6,577,101)	-	(341,400)
Transfers in (out)	(6,165,955)	78,919	-	-	-	6,087,036	-	-
Net (decrease) increase in net position	802	243,920	(30,450)	(66,952)	1,345	(490,065)	-	(341,400)
Net position, beginning of year	698,740	5,446,740	254,399	-	21,548	37,982,377	-	44,403,804
Implementation of GASB 68	-	-	-	(31,030,235)	-	-	-	(31,030,235)
Adjusted net position (deficit), beginning of year	698,740	5,446,740	254,399	(31,030,235)	21,548	37,982,377	-	13,373,569
Net position (deficit), end of year	$ 699,542	$ 5,690,660	$ 223,949	$ (31,097,187)	$ 22,893	$ 37,492,312	$ -	$ 13,032,169