Jackson College

Years Ended June 30, 2020 and 2019

Annual Financial Report

Rehmann

JACKSON COLLEGE

Table of Contents

Management's Discussion and Analysis - Unaudited

Management's discussion and analysis of Jackson College's (the "College") financial statements provides an overview of the College's financial position as of June 30, 2020 and 2019 and its activities for the years then ended. The College's management has prepared and is responsible for the financial statements and the related footnote disclosures, along with the discussion and analysis.

Using the Annual Financial Report

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

Financial Highlights

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

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

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

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

Management's Discussion and Analysis - Unaudited

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

	Condensed Statements of Net Position	
	June 30,	
	2020	2019
Assets		
Current assets	$ 15,798,155	$ 14,999,469
Capital assets, net	70,654,296	71,636,809
Other noncurrent assets	18,379,867	10,260,520
Total assets	**104,832,318**	**96,896,798**
Deferred Outflows of Resources		
Deferred charge on refunding	413,946	441,221
Deferred pension amounts	7,822,795	8,747,735
Deferred OPEB amounts	1,793,736	1,228,821
Total deferred outflows of resources	**10,030,477**	**10,417,777**
Liabilities		
Current liabilities	11,836,923	12,401,565
Noncurrent liabilities	69,644,766	61,269,845
Total liabilities	**81,481,689**	**73,671,410**
Deferred Inflows of Resources		
Deferred pension amounts	4,150,243	6,333,450
Deferred OPEB amounts	3,155,963	2,224,515
Total deferred inflows of resources	**7,306,206**	**8,557,965**
Net position		
Net investment in capital assets	43,226,537	41,608,422
Restricted		
Nonexpendable	29,930	29,252
Expendable	380,898	379,184
Unrestricted deficit	(17,562,465)	(16,931,658)
Total net position	**$ 26,074,900**	**$ 25,085,200**

The College's net position increased $989,700 for the June 30, 2020 fiscal year. Excluding the impacts of GASB 75 and GASB 68 contained in the pension and OPEB liability fund and the impact of the COVID-19 relief funds reported in the CARES fund, the College's net position increased by $1,276,973. The increase was mainly attributable to the designated fund as the College invested in the future operations fund.

	Condensed Statements of Revenues, Expenses and Changes in Net Position	
	Year Ended June 30,	
	2020	2019
Operating revenues		
Tuition and fees, net	$ 14,063,788	$ 13,174,836
Grants and contracts	3,132,463	2,970,121
Potter Center activities	296,380	416,083
Other operating revenues	3,768,667	3,058,797
Total operating revenues	**21,261,298**	**19,619,837**
Operating expenses		
Instruction	16,918,041	16,452,588
Information technology	2,893,653	2,657,939
Public service	962,647	1,147,721
Academic support	2,470,696	2,200,536
Student services	5,917,218	5,165,958
Administration	5,210,660	5,143,637
Operation and maintenance of plant	5,668,893	5,107,251
Depreciation and amortization	4,728,010	4,604,447
Total operating expenses	**44,769,818**	**42,480,077**
Operating loss	**(23,508,520)**	**(22,860,240)**
Nonoperating and other revenues		
State appropriations	11,830,467	12,975,062
Local property taxes	5,301,939	5,104,875
Federal Pell grant revenue	9,098,781	10,441,791
Private gifts and grants	201,387	108,746
Other	(1,934,354)	(705,450)
Net nonoperating and other revenues	**24,498,220**	**27,925,024**
Increase in net position	**989,700**	**5,064,784**
Net position, beginning of year	25,085,200	20,020,416
Net position, end of year	**$ 26,074,900**	**$ 25,085,200**

JACKSON COLLEGE

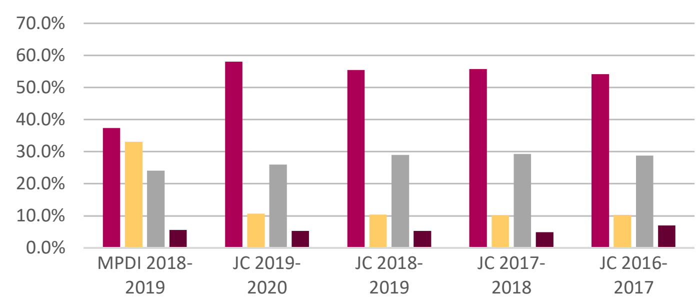
Management's Discussion and Analysis - Unaudited

Revenues

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

Each year the 28 Michigan public community colleges are required to submit data that is the basis of the Michigan Postsecondary Data Inventory (MPDI) Data Book. The Community College Appropriations Act assigns primary responsibility for data collection to the Center for Educational Performance and Information. In addition to appropriations, the data in the MPDI Data Book is used to derive comparisons among community colleges on a number of significant issues that relate to institutional concerns. The 2017-18 MPDI Data Book reveals the following state averages for the year. Four years of Jackson College information is included for comparison. These are comparisons of general fund revenues, as these are the numbers used in the State reports. Capital Outlay is not included in the State MPDI reports as these are recorded in Plant Funds and these operational reports only include the General and Designated Funds. The College generated General Fund revenues of $49,253,608 and $48,801,134 in 2020 and 2019, respectively.

General Fund Revenue Sources: Comparison of JC and Statewide Averages



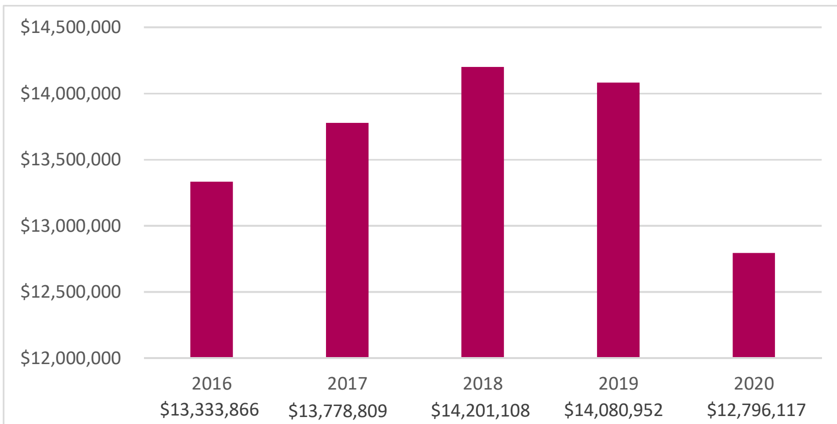
	MPDI 2018-2019	JC 2019-2020	JC 2018-2019	JC 2017-2018	JC 2016-2017
Tuition and Fees	37.4%	58.0%	55.4%	55.7%	54.1%
Property Tax	33.0%	10.7%	10.4%	10.2%	10.2%
State Aid	24.0%	26.0%	28.9%	29.2%	28.8%
Other	5.6%	5.3%	5.3%	4.9%	6.9%

Management's Discussion and Analysis - Unaudited

State Appropriations

Accounting guidelines issued by the GASB obligate the College to report State Appropriations source as nonoperating income. Generally, the State of Michigan includes the Appropriation to Community Colleges Act in its annual budget, which is approved just prior to the beginning of the State's fiscal year, October 1. The College received $12,796,117 in fiscal year 2020, of this total, $965,650 was received and paid to the State of Michigan towards the unfunded actuarial accrued liability of the Michigan Public School Employees Retirement System and $263,114 was received from the State of Michigan as a Personal Property Tax Reimbursement. The graph below reflects the amount of State Appropriations received by the College that were reported as revenue in the general fund. The decrease in State Appropriations of approximately $1.3 million is a result of the 11% budget cut implemented by the State of Michigan, as a result of the Coronavirus pandemic in 2020.

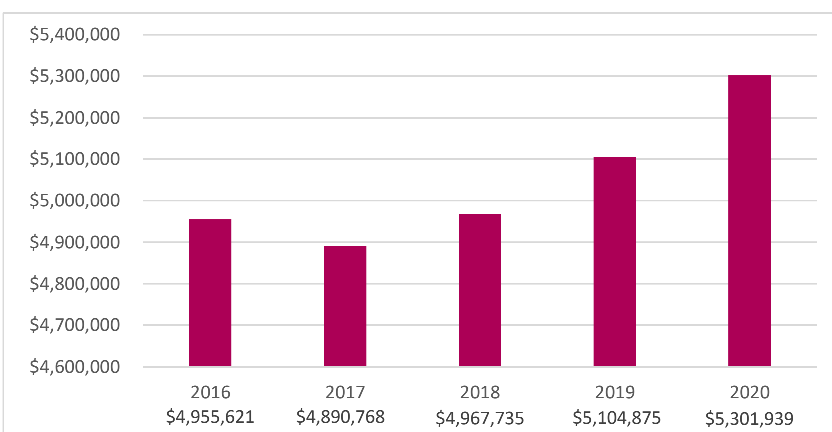
State Appropriations to Jackson College



Property Taxes

Only 10.7% of MPDI revenues come from property taxes from Jackson County. The other community colleges like JC that depend heavily on State Appropriations also have in common a low percentage of their General Fund revenue being derived from property taxes. The State average is 33%. 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 related to real estate have showed an increase as property values begin to slowly increase and past due tax bills get paid. In 2020, the overall property tax revenue increased slightly as property values increased.

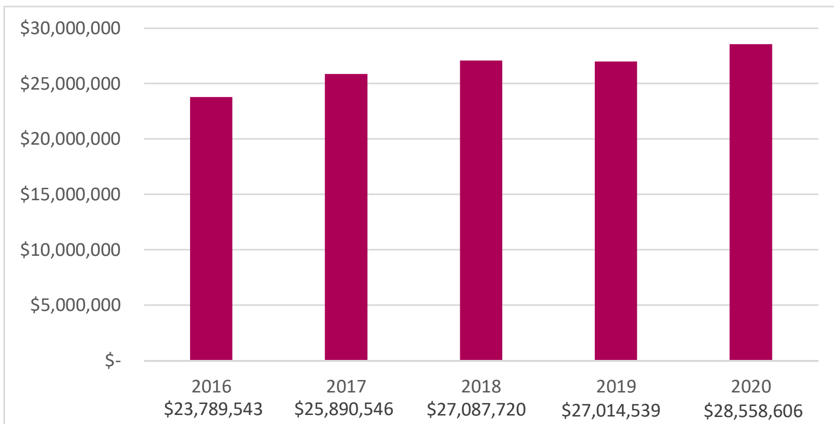
Property Tax Revenues to Jackson College



Tuition and Fees

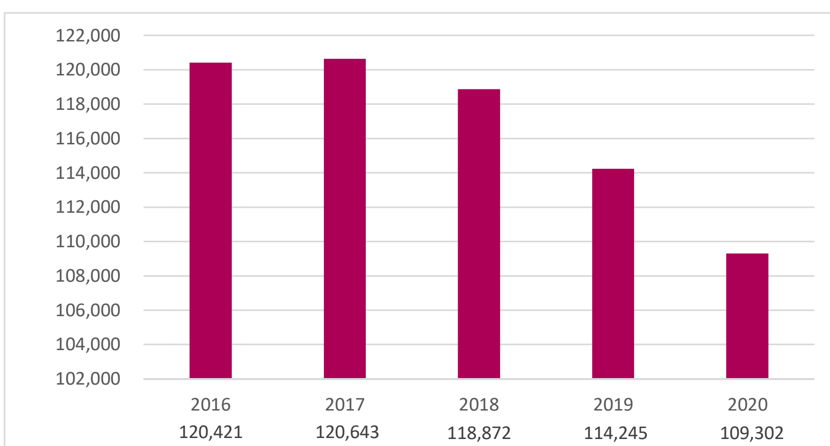
$14,494,818 and $13,839,703 of scholarship allowances against tuition and fees represent amounts paid by grants, resulting in a "discount rate" of 50.8% and 51.2% for fiscal 2020 and 2019, respectively. The bulk of the scholarship allowance is Federal Pell awards which were $9,098,781 and $10,441,791 for fiscal 2020 and 2019, respectively. It is expected that the number of students receiving federal funds may increase over the next year, given the College's involvement with the Second Chance Pell for Prisoners program. For purposes of this analysis, to show trends over time, the following chart presents gross tuition and fees. The College experienced an increase of 5.72% from this source of revenue in the current year as compared to fiscal 2019. The scholarship allowances increased by $655,115 or 4.73%.

Gross Tuition and Fees Revenues



There was a 4.33% decrease in the amount of billing contact hours generated in 2020. The College began to implement a comprehensive enrollment management plan that focuses on recruitment and retention. The College continues to focus on recruiting students of color, international students, graduating high school seniors and dual enrolled students. The College's efforts in total commitment to student success and recent initiatives with Jackson County Early College and a new prisoner education pricing structure have helped the College realize only slight decreases in enrollment, while peer institutions have reported double digit decreases.

Total Billing Contact Hours by Fiscal Year



Jackson College Enrollment by Semester and Fiscal Year				
	Billing Hours			
	Fall	Winter	Spring	Total
Fiscal Year				
2020	49,362	45,213	14,727	109,302
2019	49,168	46,014	19,063	114,245
2018	52,464	47,651	18,757	118,872
2017	53,292	50,032	17,319	120,643
2016	54,368	49,543	16,510	120,421

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			
2020	$ 160.25	$ 240.38	$ 320.50
2019	$ 152.80	$ 229.20	$ 305.60
2018	$ 145.00	$ 217.00	$ 290.00
2017	$ 135.00	$ 195.00	$ 270.00
2016	$ 125.00	$ 172.00	$ 250.00

Other Operating Revenues

Potter Center activities, revenue and expenses, decreased significantly due to the cancellation of shows and events as a result of the pandemic. The income classification of seminars, workshops & other income increased significantly over the prior year as the private loans program initiated in 2019 to assist in paying for College grew in scope. Housing revenue was up a modest amount in 2020. The new marketing and operational strategies, implemented beginning in Fall 2018, have worked to attract and retain a greater number of housing students. This was offset by prorated refunds issued to students who moved out mid-semester in Winter 2020 due to the pandemic. Contract training revenue remained flat for 2020.

Expenses

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

Management's Discussion and Analysis - Unaudited

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

	MPDI	Jackson College		
Jackson College Expenses Compared to State-Wide MPDI Averages	**2018-2019**	**2019-2020**	**2018-2019**	**2017-2018**
Instructional	40.9%	42.2%	41.5%	43.8%
Informational Technology	6.7%	7.3%	6.9%	6.7%
Public Service	1.5%	2.5%	2.8%	2.4%
Academic Support	11.7%	5.3%	5.9%	6.1%
Student Services	13.0%	17.3%	16.8%	16.6%
Administration	14.3%	12.7%	12.9%	12.6%
Plant	11.9%	12.7%	13.2%	11.8%
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 ($13,434,380 in 2020 and $12,515,879 in 2019), grants and contracts ($2,804,685 in 2020 and $3,146,213 in 2019), State appropriations ($13,205,436 in 2020 and $12,913,111 in 2019), local property taxes ($5,301,939 in 2020 and $5,104,875 in 2019), and Pell grant receipts ($9,098,781 in 2020 and $10,441,791 in 2019). The single, largest type of disbursement was compensation payments to or on behalf of the College's employees ($27,886,004 in 2020 and $27,532,876 in 2019).

Capital Assets

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

	2020	2019
Land	$ 1,313,765	$ 1,313,765
Infrastructure and land improvements	6,854,555	4,583,381
Buildings and improvements	107,400,338	106,924,603
Leasehold improvements	2,247,106	2,247,106
Artwork	6,366,227	6,366,227
Equipment	17,202,386	16,926,955
Construction in progress	691,740	254,119
Total capital assets	142,076,117	138,616,156
Less accumulated depreciation	71,421,821	66,979,347
Capital assets, net	**$ 70,654,296**	**$ 71,636,809**

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

Long-Term Debt

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

Factors That Will Affect our Future

The economic position of the College is closely tied to that of the State. The COVID-19 pandemic is having a significant effect on the State’s finances, which could have a negative effect on State revenues appropriated to the College. Since COVID-19 and pursuant to a series of Executive Orders, the College ceased face-to-face instruction as of March 23, 2020. The College transitioned the remainder of Winter 2020 semester to virtual learning in response to the pandemic. The College continues to discuss reintegration plans for the future but has decided to remain virtual through the entirety of fiscal year 2021. The College will be bringing required onsite lab courses, clinical courses and resident students onto campus in a controlled fashion using common social distancing and personal protection protocols.

The College anticipates that it will be facing reductions in state appropriations and property tax collections and has planned for these in the fiscal year 2021 budget. Enrollment may also be substantially impacted, so the College is contemplating a reduction in tuition and fee income. The Board of Trustees approved a tuition increase of 2.0% for the upcoming fiscal year. The College was in a good cash position at the start of this pandemic but expects to continue to consider reductions of expenses to correlate with actual income until the future cash flow impacts caused by the pandemic are known. The COVID-19 pandemic is having a significant effect on the State’s finances, which could have a negative effect on State revenues appropriated to the College.

The College continues to make investments in needed infrastructure and housing opportunities for families in our local community. The addition of family housing opening in 20/FL and the start of a multi-phase storm water management plan brought a pond to the north west corner of campus. These projects were originally funded with Board required major maintenance set-a-sides but due to the pandemic and a desire to conserve cash, the College elected to finance these projects. This financing was completed in May 2020 and included financing for the College to acquire the Campus View Housing 3 building in early fiscal 2021.

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

College management is also closely tracking the shifting enrollment mix as initiatives such as prisoner education and the increasing dual enrollment through early college programs which currently make up 35% of the College's billing contact hours.

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

INDEPENDENT AUDITORS' REPORT

November 4, 2020

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, 2020 and 2019, 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 from 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 College'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 College'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.

675 Robinson Road, Jackson, MI 49203 517.787.6503

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of *Jackson College*, as of June 30, 2020 and 2019, and the 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefits and the related notes to the schedules 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 identified 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 the 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 4, 2020, on our consideration of *Jackson College's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Rehmann Robson LLC

JACKSON COLLEGE

Statements of Net Position

	June 30, 2020	June 30, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 7,907,353	$ 8,973,512
Restricted cash and cash equivalents - unspent bond proceeds	2,100,397	-
Tuition and other receivables, net	2,477,749	1,924,022
State appropriations receivable	1,723,370	3,098,339
Federal and state grants receivable	629,960	302,182
Current portion of note receivable	33,888	33,888
Inventories	27,430	30,425
Prepaid expenses and other assets	898,008	637,101
Total current assets	**15,798,155**	**14,999,469**
Noncurrent assets		
Investments	10,429,261	10,260,043
Related party receivable (Note 6)	7,927,960	-
Note receivable, net of current portion	22,646	477
Campus property, plant and equipment, net	70,654,296	71,636,809
Total noncurrent assets	**89,034,163**	**81,897,329**
Total assets	**104,832,318**	**96,896,798**
Deferred outflows of resources		
Deferred charge on refunding	413,946	441,221
Deferred pension amounts	7,822,795	8,747,735
Deferred other postemployment benefits amounts	1,793,736	1,228,821
Total deferred outflows of resources	**10,030,477**	**10,417,777**
Liabilities		
Current liabilities		
Accounts payable	1,895,642	1,555,577
Accrued compensation and other benefits	2,713,399	2,245,491
Current portion of long-term liabilities	3,147,472	4,048,290
Accrued interest	151,599	153,002
Unearned revenue	3,928,811	4,399,205
Total current liabilities	**11,836,923**	**12,401,565**
Noncurrent liabilities		
Long-term liabilities, net of current portion	34,722,590	26,421,318
Net pension liability	28,816,038	27,750,921
Net other postemployment benefits liability	6,106,138	7,097,606
Total noncurrent liabilities	**69,644,766**	**61,269,845**
Total liabilities	**81,481,689**	**73,671,410**
Deferred inflows of resources		
Deferred pension amounts	4,150,243	6,333,450
Deferred other postemployment benefits amounts	3,155,963	2,224,515
Total deferred inflows of resources	**7,306,206**	**8,557,965**
Net position		
Net investment in capital assets	43,226,537	41,608,422
Restricted:		
Nonexpendable	29,930	29,252
Expendable	380,898	379,184
Unrestricted deficit (Note 9)	(17,562,465)	(16,931,658)
Total net position	**$ 26,074,900**	**$ 25,085,200**

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,	
	2020	**2019**
Operating revenues		
Tuition and fees (net of scholarship allowances of $14,494,818 in 2020 and $13,839,703 in 2019)	$ 14,063,788	$ 13,174,836
Federal grants and contracts	2,808,631	2,557,002
State grants and contracts	323,832	413,119
Housing revenue	967,194	905,144
Potter Center activities	296,380	416,083
Contract training	178,005	179,345
Seminars, workshops, and other	2,623,468	1,974,308
Total operating revenues	**21,261,298**	**19,619,837**
Operating expenses		
Instruction	16,918,041	16,452,588
Information technology	2,893,653	2,657,939
Public service	962,647	1,147,721
Academic support	2,470,696	2,200,536
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Operation and maintenance of plant	5,668,893	5,107,251
Depreciation and amortization	4,728,010	4,604,447
Total operating expenses	**44,769,818**	**42,480,077**
Operating loss	**(23,508,520)**	**(22,860,240)**
Nonoperating revenues (expenses)		
State appropriations	11,830,467	12,975,062
Local property taxes	5,301,939	5,104,875
Federal Pell grant revenue	9,098,781	10,441,791
Federal Higher Education Emergency Relief Fund grant revenue	206,000	-
Private gifts and grants	201,387	108,746
Interest income	215,843	238,163
Loss on disposal of property and equipment	(100,214)	(17,304)
Interest expense	(1,127,909)	(936,693)
Transfer of assets to Jackson College Dormitories	(1,118,074)	-
Transfer of funds to Jackson College Foundation	(10,000)	(9,608)
Net nonoperating revenues	**24,498,220**	**27,905,032**
Other revenues		
Capital gifts and grants	-	19,992
Increase in net position	**989,700**	**5,064,784**
Net position, beginning of year	25,085,200	20,020,416
Net position, end of year	**$ 26,074,900**	**$ 25,085,200**

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

Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
Cash flows from operating activities		
Tuition and fees	$ 13,434,380	$ 12,515,879
Housing	967,194	905,144
Grants and contracts	2,804,685	3,146,213
Contract training	131,037	186,950
Payments to vendors	(11,281,894)	(10,667,277)
Payment to or on behalf of employees	(27,886,004)	(27,532,876)
Payments to students	(2,396,000)	(1,711,702)
Potter Center activities	288,714	514,084
Seminars, workshops and other	2,753,957	1,733,216
Net cash used in operating activities	(21,183,931)	(20,910,369)
Cash flows from noncapital financing activities		
State appropriations	13,205,436	12,913,111
Local property taxes	5,301,939	5,104,875
Pell grant receipts	9,098,781	10,441,791
Federal Higher Education Emergency Relief Fund receipts	1,016,773	-
Gifts and contributions for other than capital purposes	201,387	108,746
Direct loan program receipts	10,716,253	9,646,674
Direct loan program disbursements	(10,716,253)	(9,646,674)
State scholarship and grant receipts	106,146	88,481
State scholarship and grant disbursements	(106,146)	(88,481)
Transfer to Jackson College Foundation	(10,000)	-
Net cash provided by noncapital financing activities	28,814,316	28,568,523
Cash flows from capital and related financing activities		
Capital gift and grant proceeds	-	19,992
Purchases and construction of campus property, plant and equipment, net	(3,854,203)	(1,804,974)
Proceeds from sale of property and equipment	8,492	2,033
(Issuance) collection of note receivable	(22,169)	13,555
Transfer of assets to Jackson College Dormitories	(1,118,073)	-
Proceeds from issuance of capital debt	3,520,782	-
Principal paid on capital debt	(4,048,289)	(3,708,290)
Interest paid on capital debt	(1,129,312)	(979,055)
Net cash used in capital and related financing activities	(6,642,772)	(6,456,739)
Cash flows from investing activities		
Interest and dividends on investments	46,625	6,087
Net increase in cash and cash equivalents	1,034,238	1,207,502
Cash and cash equivalents, beginning of year	8,973,512	7,766,010
Cash and cash equivalents, end of year	$ 10,007,750	$ 8,973,512
Reconciliation to statement of net position		
Cash and cash equivalents	$ 7,907,353	$ 8,973,512
Restricted cash and cash equivalents - unspent bond proceeds	2,100,397	-
	$ 10,007,750	$ 8,973,512

continued...

Statements of Cash Flows

	Year Ended June 30,	
	2020	**2019**
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (23,508,520)	(22,860,240)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	4,728,010	4,604,447
Change in operating assets and liabilities that provided (used) cash:		
Tuition and other receivables, net	(553,727)	(865,339)
Federal and state grants receivable	(327,778)	176,092
Inventories	2,995	(2,629)
Prepaid expenses and other assets	(260,907)	142,560
Accounts payable	340,065	(364,455)
Accrued compensation and other benefits	467,908	(174,551)
Unearned revenue	(1,281,167)	303,291
Change in net pension and other postemployment benefits liabilities and deferred amounts	(790,810)	(1,869,545)
Net cash used in operating activities	**$ (21,183,931)**	**$ (20,910,369)**

concluded.

Noncash Transactions

During 2020, the College issued bonds to refund the debt for Jackson College Dormitories and recorded a receivable for the net book value of the building in the amount of $7,927,960, which was transfered to the College in July 2020.

JACKSON COLLEGE

Foundation - Statements of Financial Position

	June 30, 2020	June 30, 2019
Assets		
Cash and cash equivalents	$ 829,585	$ 910,528
Investments	15,276,050	14,762,527
Related party receivable	167,742	4,800
Accounts receivable	103,424	51,813
Beneficial interests in remainder trusts	912,884	928,200
Cash surrender value of life insurance	109,000	104,000
Prepaid expenses and other assets	600	600
Total assets	**$ 17,399,285**	**$ 16,762,468**
Liabilities		
Accounts payable	$ 133,922	$ 242,781
Annuities payable	107,909	110,900
Total liabilities	**241,831**	**353,681**
Net assets		
Without donor restrictions	3,333,711	2,763,632
With donor restrictions	13,823,743	13,645,155
Total net assets	**17,157,454**	**16,408,787**
Total liabilities and net assets	**$ 17,399,285**	**$ 16,762,468**

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

Foundation - Statements of Activities and Changes in Net Assets

	Year Ended June 30,	
	2020	**2019**
Support and revenue		
Gifts	$ 666,006	$ 808,086
Net investment income	395,057	703,262
Other revenue	808,049	831,468
Total support and revenue	**1,869,112**	**2,342,816**
Grants and expenses		
Grant payments to Jackson College	397,992	304,813
Grant payments to Dahlem Conservancy	58,909	57,808
Management and general expenses	750,019	1,080,099
Total grants and expenses	**1,206,920**	**1,442,720**
Support and revenue in excess of grants and expenses	**662,192**	**900,096**
Changes in values of interests in remainder trusts and actuarial adjustment of annuities	(23,525)	29,570
Fund transfer from Jackson College	10,000	9,608
Change in carrying value of investment in real estate	100,000	100,000
Increase in net assets	**748,667**	**1,039,274**
Net assets, beginning of year	16,408,787	15,369,513
Net assets, end of year	**$ 17,157,454**	**$ 16,408,787**

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

JACKSON COLLEGE

Dormitories - Statements of Financial Position

	June 30,	
	2020	**2019**
Assets		
Cash and cash equivalents	$ 319,739	$ 336,137
Restricted cash	-	785,280
Accounts receivable	18,164	-
Property and equipment	7,927,960	8,154,473
Total assets	**$ 8,265,863**	**$ 9,275,890**
Liabilities		
Accounts payable	$ 556,782	$ 399,226
Related party payable	7,927,960	-
Accrued interest	-	106,479
Bond and note payable, net of deferred bond issuance costs	-	9,209,345
Total liabilities	**8,484,742**	**9,715,050**
Net deficit		
Without donor restrictions	(218,879)	(439,160)
Total liabilities and net deficit	**$ 8,265,863**	**$ 9,275,890**

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

JACKSON COLLEGE

Dormitories - Statements of Activities and Changes in Net Deficit

	Year Ended June 30,	
	2020	**2019**
Revenue		
Housing rental	$ 802,344	$ 895,702
Interest income	1,254	1,359
Gain on disposition of note payable	-	100,000
Transfer of assets from Jackson College	1,118,073	-
Total revenue	**1,921,671**	**997,061**
Expenses		
Office	5,150	3,800
Occupancy	162,384	160,975
Interest and fees	671,158	690,250
Bond issuance amortization	636,185	-
Depreciation	226,513	226,513
Total expenses	**1,701,390**	**1,081,538**
Change in net deficit	**220,281**	**(84,477)**
Net deficit, beginning of year	(439,160)	(354,683)
Net deficit, end of year	**$ (218,879)**	**$ (439,160)**

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. In July 2020, JCD was dissolved and assets transferred to the College. See note 6.

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 and related notes. Fund financial information is not required for BTA reporting.

Risks and Economic Uncertainties

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. Due to the pandemic Michigan's Governor issued temporary Executive Orders that, among other stipulations, effectively prohibit certain in-person activities while requiring numerous safety measures and protocols to be met in order to resume in person learning, having the effect of suspending or severely curtailing certain operations including on-campus learning during the Winter and Summer 2020 semesters. The extent of the ultimate impact of the pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on funders, students, employees, and vendors, all of which cannot be reasonably predicted at this time. As a result, the College was awarded approximately $3.9 million from the Education Stabilization Fund through the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act for the Higher Education Emergency Relief Fund (HEERF), which was enacted into law on March 28, 2020. The College spent $103,000 of the student portion and $913,733 of the institution portion and recognized revenue of $206,000 and unearned revenue of $810,773 as of June 30, 2020. Additionally, the College transitioned its in-person instruction to an online format and closed its facilities in March 2020. Online instruction has continued into fiscal year 2021. In July 2020, the College received funding of approximately $1.4 million from the State of Michigan. These restricted CARES Act federal funds were passed through the State as a supplement to help offset the reductions to State general appropriations. While management reasonably expects the COVID-19 outbreak to negatively impact the College's financial condition, operating results, and timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

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, 2020 or 2019. 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 estimated acquisition cost at the date of acquisition. Building additions and improvements with a cost in excess of $30,000 are capitalized if the life of the building is extended or square footage is added. Collections, such as works of art, are capitalized if such items are held for public exhibition, education, or research in furtherance of public service. Equipment with a cost in excess of $1,000 with a useful life of more than one year is capitalized. Expenses for routine maintenance and ordinary repairs are expensed as incurred. Library books are expensed the year of purchase. Certain maintenance and replacement reserves have been established to provide for significant repair and maintenance costs to facilities.

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

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net 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 charge on bond refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This deferred outflow is amortized over the shorter of the refunded or refunding bonds. The College also reports deferred outflows of resources for changes in expected and actual investment returns, changes in assumptions, and certain contributions made to the MPSERS plan subsequent to the measurement date. More detailed information, including the amortization of these amounts can be found in Note 7.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 and other postemployment benefits (OPEB) related amounts, such as the difference between projected and actual earnings of the plan's investments. More detailed information can be found in Note 7.

Pension and Other Postemployment Benefits

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

Revenue Recognition

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

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

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

Sabbatical Leaves

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

Other Compensated Absences

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

Net Position

Net position is classified into the following categories:

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

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

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

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

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:

	2020	2019
Cash and cash equivalents	$ 7,907,353	$ 8,973,512
Restricted cash and cash equivalents - unspent bond proceeds	2,100,397	-
Investments	10,429,261	10,260,043
	$ 20,437,011	**$ 19,233,555**

The above amounts are categorized as follows at June 30:

	2020	2019
Bank deposits (checking, savings, cash sweep accounts and certificates of deposit)	$ 10,005,026	$ 8,970,788
Michigan Liquid Asset Fund	10,412,535	10,242,370
Petty cash	2,724	2,724
Total deposits	20,420,285	19,215,882
Investments in equity securities	16,726	17,673
Total	**$ 20,437,011**	**$ 19,233,555**

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. State law does not require and the College does not have a policy for deposit custodial credit risk. As of June 30, 2020, $7,494,289 of the College's bank deposits balance of $10,320,378 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2019, $8,894,439 of the College's bank deposits balance of $9,586,924 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

4. TUITION AND OTHER RECEIVABLES, NET

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

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

	2020	2019
Tuition and fees	$ 2,948,725	$ 2,318,561
Private grants	84,777	15,986
Reimbursements	131,465	283,463
Bookstore	3,094	4,058
Employees	9,688	1,954
Total	**3,177,749**	**2,624,022**
Less allowances	700,000	700,000
Tuition and other receivables, net	**$ 2,477,749**	**$ 1,924,022**

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:

2020	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets:					
Land	$ 1,313,765	$ -	$ -	$ -	$ 1,313,765
Infrastructure and land improvements	4,583,381	2,228,304	-	42,870	6,854,555
Buildings and improvements	106,924,603	800,699	(352,118)	27,154	107,400,338
Leasehold improvements	2,247,106	-	-	-	2,247,106
Artwork	6,366,227	-	-	-	6,366,227
Furniture, fixtures and equipment	16,926,955	317,555	(42,124)	-	17,202,386
Construction in progress	254,119	507,645	-	(70,024)	691,740
Total property and equipment	138,616,156	3,854,203	(394,242)	-	142,076,117
Less accumulated depreciation	66,979,347	4,728,010	(285,536)	-	71,421,821
Campus property, plant and equipment, net	$ 71,636,809	$ (873,807)	$ (108,706)	$ -	$ 70,654,296

2019	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets:					
Land	$ 1,313,765	$ -	$ -	$ -	$ 1,313,765
Infrastructure and land improvements	4,483,981	99,400	-	-	4,583,381
Buildings and improvements	105,780,605	1,143,998	-	-	106,924,603
Leasehold improvements	2,247,106	-	-	-	2,247,106
Artwork	6,366,227	-	-	-	6,366,227
Furniture, fixtures and equipment	16,466,632	485,157	(24,834)	-	16,926,955
Construction in progress	160,397	93,722	-	-	254,119
Total property and equipment	136,818,713	1,822,277	(24,834)	-	138,616,156
Less accumulated depreciation	62,380,398	4,604,447	(5,498)	-	66,979,347
Campus property, plant and equipment, net	$ 74,438,315	$ (2,782,170)	$ (19,336)	$ -	$ 71,636,809

Construction in progress consists of primarily construction costs for the CV4 housing and stormwater retention. The projects are expcted to be completed during fiscal year 2021 at an additional cost of approximately $1,937,119.

Notes to Financial Statements

6. LONG-TERM LIABILITIES AND RELATED PARTY TRANSACTION

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

2020	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General Bonds - 2014	$ 8,120,000	$ -	$ 535,000	$ 7,585,000	$ 525,000
General Bonds - 2015	8,885,000	-	400,000	8,485,000	415,000
General Bonds - 2016	7,280,000	-	980,000	6,300,000	995,000
General Bonds - 2017	5,410,000	-	2,015,000	3,395,000	1,090,000
General Bonds - 2020	-	11,340,000	-	11,340,000	-
Total bonds payable	**29,695,000**	**11,340,000**	**3,930,000**	**37,105,000**	**3,025,000**
Deferred amounts					
Bond premium	834,152	108,743	122,011	820,884	126,194
Bond discount	(59,544)	-	(3,722)	(55,822)	(3,722)
Total deferred amounts	**774,608**	**108,743**	**118,289**	**765,062**	**122,472**
	$ 30,469,608	$ 11,448,743	$ 4,048,289	37,870,062	**$ 3,147,472**
Less current portion				**3,147,472**	
Long-term liabilities, net of current portion				**$ 34,722,590**	

2019	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable					
General Bonds - 2014	$ 8,660,000	$ -	$ 540,000	$ 8,120,000	$ 535,000
General Bonds - 2015	9,270,000	-	385,000	8,885,000	400,000
General Bonds - 2016	8,240,000	-	960,000	7,280,000	980,000
General Bonds - 2017	7,115,000	-	1,705,000	5,410,000	2,015,000
Total bonds payable	**33,285,000**	**-**	**3,590,000**	**29,695,000**	**3,930,000**
Deferred amounts					
Bond premium	956,164	-	122,012	834,152	122,012
Bond discount	(63,266)	-	(3,722)	(59,544)	(3,722)
Total deferred amounts	**892,898**	**-**	**118,290**	**774,608**	**118,290**
	$ 34,177,898	$ -	$ 3,708,290	30,469,608	**$ 4,048,290**
Less current portion				**4,048,290**	
Long-term liabilities, net of current portion				**$ 26,421,318**	

Bonded Debt

$9,280,000 General Refunding Bonds, Series 2014
The College issued $9,280,000 in refunding bonds with an interest rate of 2.00% to 4.25% to refund $9,300,000 of outstanding 2010 Series Bonds with an interest rate of 4.90% to 6.27%, maturing in 2030. The bonds mature at varying amounts through 2030.

$9,990,000 General Bonds, Series 2015
Unsecured bonds mature in annual amounts ranging from $350,000 to $745,000 through 2035 with interest charged at rates ranging from 3.00% to 3.625% per annum.

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

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

$11,340,000 General and Refunding Bonds, Series 2020
The College issued $9,210,000 in refunding bonds and $2,130,000 of general bonds with an interest rate of 2.00% to 2.625% to refund $9,725,000 of outstanding 2015 Series Housing Revenue Bonds held by Jackson College Dormitories with an interest rate of 5.00% to 6.75%, maturing in 2047. The bonds mature at varying amounts through 2046. Net proceeds of $9,862,716 (after payment of $269,868 in underwriting fees and other issuance costs) were used to purchase U.S. treasury securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds and net proceeds of $2,100,397 were deposited into a construction project account. The refunding resulted in an economic gain of $6,490,401 and a net present value savings of $5,706,164 due to the reduction of the interest rate. As of June 30, 2020, the Jackson College Dormitories Series 2015 Housing Revenue Bonds and are considered defeased and the liability has been removed from the statement of financial position of JCD. The College has a receivable from Jackson College Dormitories in the amount of $7,927,960 as of June 30, 2020 equal to the net book value of the Jackson College Dormitories building. In July 2020, title to the building was transferred to the College and Jackson College Dormitories was dissolved.

Scheduled principal and interest requirements of long-term debt for years succeeding June 30, 2020, are summarized below:

Year Ending June 30,	Principal	Interest	Total
2021	$ 3,025,000	$ 1,036,312	$ 4,061,312
2022	3,100,000	987,895	4,087,895
2023	3,555,000	905,045	4,460,045
2024	2,645,000	812,495	3,457,495
2025	2,685,000	747,494	3,432,494
2026-2030	10,500,000	2,588,958	13,088,958
2031-2035	5,690,000	1,239,741	6,929,741
2036-2040	2,500,000	609,830	3,109,830
2041-2045	2,810,000	295,908	3,105,908
2046	595,000	15,618	610,618
Totals	$ 37,105,000	$ 9,239,296	$ 46,344,296

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

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

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

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

Pension Benefits Provided

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

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

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

Other Postemployment Benefits Provided

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

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

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

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2020, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 12.21% - 12.41% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	18.25% - 19.41%
Member Investment Plan (MIP)	3.00% - 7.00%	18.25% - 19.41%
Pension Plus	3.00% - 6.40%	16.46%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

Required contributions to the pension plan from the College were approximately $2,239,000, $2,356,000 and $2,534,000 for the years ended June 30, 2020, 2019 and 2018.

The table below summarizes OPEB contribution rates in effect for fiscal year 2020:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	7.93% - 8.09%
Personal Healthcare Fund (PHF)	0.00%	7.57%

Required contributions to the OPEB plan from the College were $557,211, $560,732 and $559,662 for the years ended June 30, 2020, 2019 and 2018, respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2020:

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

For the years ended June 30, 2020, 2019, and 2018, required and actual contributions from the College for those members with a defined contribution benefit were $95,806, $84,065 and $64,942, respectively.

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

At June 30, 2020 and 2019, the College reported a liability of $28,816,038 and $27,750,921, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019 and 2018, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2018 and 2017, 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, 2019, the College's proportion was 0.08701%, which was a decrease of 0.00530% from its proportion measured as of September 30, 2018 of 0.09231%.

For the year ended June 30, 2020, the College recognized pension expense of $2,136,652. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2020	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 129,163	$ 120,160	$ 9,003
Changes in assumptions	5,642,201	-	5,642,201
Net difference between projected and actual earnings on pension plan investments	-	923,505	(923,505)
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,421	2,140,928	(2,133,507)
	5,778,785	3,184,593	2,594,192
College contributions subsequent to the measurement date	2,044,010	-	2,044,010
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	965,650	(965,650)
Total	$ 7,822,795	$ 4,150,243	$ 3,672,552

Notes to Financial Statements

The $2,044,010 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, 2021. The $965,650 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriations revenue for the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2021	$ 1,009,150
2022	802,187
2023	542,403
2024	240,452
Total	$ 2,594,192

For the year ended June 30, 2019, the College recognized pension expense of $901,790. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2019	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 128,769	$ 201,661	$ (72,892)
Changes in assumptions	6,427,091	-	6,427,091
Net difference between projected and actual earnings on pension plan investments	-	1,897,458	(1,897,458)
Changes in proportion and differences between employer contributions and proportionate share of contributions	27,591	3,128,441	(3,100,850)
	6,583,451	5,227,560	1,355,891
College contributions subsequent to the measurement date	2,164,284	-	2,164,284
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	1,105,890	(1,105,890)
Total	$ 8,747,735	$ 6,333,450	$ 2,414,285

Notes to Financial Statements

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

At June 30, 2020 and 2019, the College reported a liability of $6,106,138 and $7,097,606, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019 and 2018, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018 and 2017, respectively. The College's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2019, the College's proportion was 0.08507%, which was a decrease of 0.00422% from its proportion measured as of September 30, 2018 of 0.08929%.

For the year ended June 30, 2020, the College recognized a reduction to OPEB expense of $(47,725). At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2020	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 2,240,515	$ (2,240,515)
Changes in assumptions	1,323,077	-	1,323,077
Net difference between projected and actual earnings on OPEB plan investments	-	106,189	(106,189)
Changes in proportion and differences between employer contributions and proportionate share of contributions	380	809,259	(808,879)
	1,323,457	3,155,963	(1,832,506)
College contributions subsequent to the measurement date	470,279	-	470,279
Total	$ 1,793,736	$ 3,155,963	$ (1,362,227)

The $470,279 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2021	$ (488,176)
2022	(488,176)
2023	(435,214)
2024	(298,397)
2025	(122,543)
Total	$ (1,832,506)

For the year ended June 30, 2019, the College recognized OPEB expense of $209,564. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2019	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 1,321,047	$ (1,321,047)
Changes in assumptions	751,640	-	751,640
Net difference between projected and actual earnings on OPEB plan investments	-	272,778	(272,778)
Changes in proportion and differences between employer contributions and proportionate share of contributions	533	630,690	(630,157)
	752,173	2,224,515	(1,472,342)
College contributions subsequent to the measurement date	476,648	-	476,648
Total	$ 1,228,821	$ 2,224,515	$ (995,694)

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 and OPEB liabilities in the September 30, 2018 and 2017 actuarial valuations (for the fiscal years ended June 30, 2020 and 2019) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80% (7.05% for 2017)
Pension Plus plan (hybrid)	6.80% (7.00% for 2017)
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95% (7.15% for 2017)
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	7.5% Year 1 graded to 3.5% Year 12 (7.5% Year 1 graded to 3.0% Year 12 for 2017)
Mortality	2018 - RP-2014 Male and Female Employee Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females. 2017 - RP-2014 Male and Female Healthy Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2019, are based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4977 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.7101 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2018, are based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.5304 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.6018 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Long-Term Expected Return on Pension Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 and 2018, are summarized in the following tables:

2019 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.50%	1.54%
Private equity pools	18.00%	8.60%	1.55%
International equity pools	16.00%	7.30%	1.17%
Fixed income pools	10.50%	1.20%	0.13%
Real estate and infrastructure pools	10.00%	4.20%	0.42%
Absolute return pools	15.50%	5.40%	0.84%
Short-term investment pools	2.00%	0.08%	0.00%
	100.00%		5.65%
Inflation			2.30%
Risk adjustment			-1.15%
Investment rate of return			6.80%

2018 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.70%	1.60%
Alternative investment pools	18.00%	9.20%	1.66%
International equity	16.00%	7.20%	1.15%
Fixed income pools	10.50%	0.50%	0.05%
Real estate and infrastructure pools	10.00%	3.90%	0.39%
Absolute return pools	15.50%	5.20%	0.81%
Short-term investment pools	2.00%	0.00%	0.00%
	100.00%		5.66%
Inflation			2.30%
Risk adjustment			-0.91%
Investment rate of return			7.05%

Long-term Expected Return on OPEB Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019 and 2018, are summarized in the following tables:

2019 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.50%	1.54%
Private equity pools	18.00%	8.60%	1.55%
International equity pools	16.00%	7.30%	1.17%
Fixed income pools	10.50%	1.20%	0.13%
Real estate and infrastructure pools	10.00%	4.20%	0.42%
Absolute return pools	15.50%	5.40%	0.84%
Short-term investment pools	2.00%	0.08%	0.00%
	100.00%		5.65%
Inflation			2.30%
Risk adjustment			-1.00%
Investment rate of return			6.95%

2018 Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00%	5.70%	1.60%
Private equity pools	18.00%	9.20%	1.66%
International equity	16.00%	7.20%	1.15%
Fixed income pools	10.50%	0.50%	0.05%
Real estate and infrastructure pools	10.00%	3.90%	0.39%
Absolute return pools	15.50%	5.20%	0.81%
Short-term investment pools	2.00%	0.00%	0.00%
	100.00%		5.66%
Inflation			2.30%
Risk adjustment			-0.81%
Investment rate of return			7.15%

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.14% and 5.37%, respectively. For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 11.11% and 10.75%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80% (7.05% for 2019) was used to measure the total pension liability (6.80% for the Pension Plus plan (7.0% for 2019), 6.0% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% (7.15% for 2019) was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (7.05% for 2019) (6.80% for the Pension Plus plan (7.0% for 2019), 6.0% for the Pension Plus 2 plan) and 6.95% (7.15% for 2019), respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

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

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2020:

	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
College's proportionate share of the net pension liability	$ 37,462,693	$ 28,816,038	$ 21,647,663

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.05% (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2019:

	1% Decrease (6.05% / 6.00% / 5.00%)	Current Discount Rate (7.05% / 7.00% / 6.00%)	1% Increase (8.05% / 8.00% / 7.00%)
College's proportionate share of the net pension liability	$ 36,434,816	$ 27,750,921	$ 20,536,016

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

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2020:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of the net OPEB liability	$ 7,490,096	$ 6,106,138	$ 4,943,998

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2019:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
College's proportionate share of the net pension liability	$ 8,520,531	$ 7,097,606	$ 5,900,751

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

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2020:

	1% Decrease (6.5%)	Current Healthcare Cost Trend Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net OPEB liability	$ 4,894,728	$ 6,106,138	$ 7,489,932

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2019:

	1% Decrease (6.5%)	Current Healthcare Cost Trend Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net OPEB liability	$ 5,837,702	$ 7,097,606	$ 8,542,972

Pension and OPEB Plans Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2020, the College reported a payable of $279,253 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2020. At June 30, 2019, the College reported a payable of $292,983 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2019.

Payable to the OPEB Plan

At June 30, 2020, the College reported a payable of $46,538 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2020. At June 30, 2019, the College reported a payable of $49,785 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2019.

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, 2020 and 2019, the cost of this plan to the College was approximately $1,302,000 and $1,202,000 and participant contributions in the form of payroll deductions were approximately $367,000 and $338,000, respectively.

8. RELATED PARTIES

Jackson College Foundation

The College employs all Foundation staff and these amounts are considered an in-kind contribution by the Foundation. In addition, the College received payments from the Foundation for student scholarships and other support, including capital gifts, totaling $397,992 and $304,813 for the years ended June 30, 2020 and 2019, respectively. The College entered into a lease agreement with the Foundation on July 1, 2012 related to its W. J. Maher Campus building. The Foundation charged the College $200,000 in rent for fiscal 2020 and 2019. During fiscal year 2020, due to the COVID-19 pandemic, the Foundation transfered $100,000 of this rent back to the College through scholarships and other support.

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. The College collects and distributes rents for/to JCD and provides management and cleaning of the building. For the 2020 and 2019 fiscal years, the College paid JCD $802,342 and $895,702, respectively, in rental revenue.

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:

	2020	2019
Major maintenance and equipment replacement	$ 3,196,221	$ 6,744,834
Future operations	12,255,258	9,050,974
Total designated	15,451,479	15,795,808
Pension and OPEB liability fund deficit	(32,611,851)	(33,429,936)
CARES Act fund deficit	(1,105,358)	-
Undesignated	703,265	702,470
Total unrestricted net deficit	$ (17,562,465)	$ (16,931,658)

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, 2020 and 2019, 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, 2022.

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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,					
	2020	2019	2018	2017	2016	2015
College's proportionate share of the net pension liability	$ 28,816,038	$ 27,750,921	$ 25,076,508	$ 25,492,530	$ 25,348,337	$ 31,557,371
College's proportion of the net pension liability	0.08701%	0.09231%	0.09677%	0.10218%	0.10378%	0.14327%
College's covered payroll	$ 7,430,975	$ 7,602,247	$ 8,021,049	$ 8,450,437	$ 9,132,227	$ 9,478,260
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	387.78%	365.04%	312.63%	301.67%	277.57%	332.94%
Plan fiduciary net position as a percentage of the total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Schedule of College Pension Contributions

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

See notes to the required supplementary information.

Required Supplementary Information

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

	Year Ended June 30,		
	2020	2019	2018
College's proportionate share of the net OPEB liability	$ 6,106,138	$ 7,097,606	$ 8,648,302
College's proportion of the net OPEB liability	0.08507%	0.08929%	0.09766%
College's covered payroll	$ 7,430,975	$ 7,602,247	$ 8,021,049
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.17%	93.36%	107.82%
Plan fiduciary net position as a percentage of the total OPEB liability	48.46%	42.95%	36.39%

Schedule of College Other Postemployment Benefits Contributions

	Year Ended June 30,		
	2020	2019	2018
Statutorily required contribution	$ 557,211	$ 560,732	$ 559,662
Contributions in relation to the statutorily required contribution	(557,211)	(560,732)	(559,662)
Contribution deficiency (excess)	$ -	$ -	$ -
College's covered payroll	$ 7,224,684	$ 7,536,546	$ 7,902,364
Contributions as a percentage of covered payroll	7.71%	7.44%	7.08%

See notes to the required supplementary information.

Notes to Required Supplementary Information

Pension Information

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

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

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

- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

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

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

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

- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

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SUPPLEMENTARY COMBINING INFORMATION

JACKSON COLLEGE

Combining Statement of Net Position (Unaudited)
June 30, 2020

	General Fund	Designated Fund	Restricted Funds	CARES Act Fund	Pension and OPEB Liability Fund	Endowment Funds	Plant Funds	Combined Total
Assets								
Current assets								
Cash and cash equivalents	$ 525,934	$ 3,804,381	$ 565,082	$ (294,585)	$ -	$ 13,204	$ 3,293,337	$ 7,907,353
Restricted cash and cash equivalents - unspent bond proceeds	-	-	-	-	-	-	2,100,397	2,100,397
Tuition and other receivables, net	2,355,239	27,733	84,777	-	-	-	10,000	2,477,749
State appropriations receivable	1,103,100	620,270	-	-	-	-	-	1,723,370
Federal and state grants receivable	-	-	629,960	-	-	-	-	629,960
Current portion of notes receivable	-	-	-	-	-	-	33,888	33,888
Inventories	27,430	-	-	-	-	-	-	27,430
Prepaid expenses and other assets	871,356	-	26,652	-	-	-	-	898,008
Total current assets	4,883,059	4,452,384	1,306,471	(294,585)	-	13,204	5,437,622	15,798,155
Noncurrent assets								
Investments	2,000,000	8,412,535	-	-	-	16,726	-	10,429,261
Related party receivable	-	-	-	-	-	-	7,927,960	7,927,960
Notes receivable, net of current portion	-	-	-	-	-	-	22,646	22,646
Campus property, plant and equipment, net	-	-	-	-	-	-	70,654,296	70,654,296
Total noncurrent assets	2,000,000	8,412,535	-	-	-	16,726	78,604,902	89,034,163
Total assets	6,883,059	12,864,919	1,306,471	(294,585)	-	29,930	84,042,524	104,832,318
Deferred outflows of resources								
Deferred charge on refunding	-	-	-	-	-	-	413,946	413,946
Deferred pension amounts	-	-	-	-	7,822,795	-	-	7,822,795
Deferred OPEB amounts	-	-	-	-	1,793,736	-	-	1,793,736
Total deferred outflows of resources	-	-	-	-	9,616,531	-	413,946	10,030,477
Liabilities								
Current liabilities								
Accounts payable	1,201,367	609,661	72,563	-	-	-	12,051	1,895,642
Accrued compensation and benefits	2,702,834	-	10,565	-	-	-	-	2,713,399
Current portion of long-term liabilities	-	-	-	-	-	-	3,147,472	3,147,472
Accrued interest	-	-	-	-	-	-	151,599	151,599
Unearned revenue	2,275,593	-	842,445	810,773	-	-	-	3,928,811
Total current liabilities	6,179,794	609,661	925,573	810,773	-	-	3,311,122	11,836,923
Noncurrent liabilities								
Long-term liabilities, net of current portion	-	-	-	-	-	-	34,722,590	34,722,590
Net pension liability	-	-	-	-	28,816,038	-	-	28,816,038
Net OPEB liability	-	-	-	-	6,106,138	-	-	6,106,138
Total noncurrent liabilities	-	-	-	-	34,922,176	-	34,722,590	69,644,766
Total liabilities	6,179,794	609,661	925,573	810,773	34,922,176	-	38,033,712	81,481,689
Deferred inflows of resources								
Deferred pension amounts	-	-	-	-	4,150,243	-	-	4,150,243
Deferred OPEB amounts	-	-	-	-	3,155,963	-	-	3,155,963
Total deferred inflows of resources	-	-	-	-	7,306,206	-	-	7,306,206
Net position								
Net investment in capital assets	-	-	-	-	-	-	43,226,537	43,226,537
Restricted:								
Nonexpendable	-	-	-	-	-	29,930	-	29,930
Expendable	-	-	380,898	-	-	-	-	380,898
Unrestricted (deficit)	703,265	12,255,258	-	(1,105,358)	(32,611,851)	-	3,196,221	(17,562,465)
Total net position (deficit)	$ 703,265	$ 12,255,258	$ 380,898	$ (1,105,358)	$ (32,611,851)	$ 29,930	$ 46,422,758	$ 26,074,900

Combining Statement of Net Position (Unaudited)

June 30, 2019

	General Fund	Designated Fund	Restricted Funds	Pension and OPEB Liability Fund	Endowment Funds	Plant Funds	Combined Total
Assets							
Current assets							
Cash and cash equivalents	$ 135,453	$ 800,948	$ 1,135,165	$ -	$ 11,579	$ 6,890,367	$ 8,973,512
Tuition and other receivables, net	1,888,036	-	15,986	-	-	20,000	1,924,022
State appropriations receivable	2,508,816	589,523	-	-	-	-	3,098,339
Federal and state grants receivable	2,000	-	300,182	-	-	-	302,182
Current portion of notes receivable	-	-	-	-	-	33,888	33,888
Inventories	30,425	-	-	-	-	-	30,425
Prepaid expenses and other assets	537,720	581	98,500	-	-	300	637,101
Total current assets	5,102,450	1,391,052	1,549,833	-	11,579	6,944,555	14,999,469
Noncurrent assets							
Investments	2,000,000	8,242,370	-	-	17,673	-	10,260,043
Notes receivable, net of current portion	-	-	-	-	-	477	477
Campus property, plant and equipment, net	-	-	-	-	-	71,636,809	71,636,809
Total noncurrent assets	2,000,000	8,242,370	-	-	17,673	71,637,286	81,897,329
Total assets	7,102,450	9,633,422	1,549,833	-	29,252	78,581,841	96,896,798
Deferred outflows of resources							
Deferred charge on refunding	-	-	-	-	-	441,221	441,221
Deferred pension amounts	-	-	-	8,747,735	-	-	8,747,735
Deferred OPEB amounts	-	-	-	1,228,821	-	-	1,228,821
Total deferred outflows of resources	-	-	-	9,976,556	-	441,221	10,417,777
Liabilities							
Current liabilities							
Accounts payable	925,515	582,448	418	-	-	47,196	1,555,577
Accrued compensation and benefits	2,236,179	-	9,312	-	-	-	2,245,491
Current portion of long-term liabilities	-	-	-	-	-	4,048,290	4,048,290
Accrued interest	-	-	-	-	-	153,002	153,002
Unearned revenue	3,238,286	-	1,160,919	-	-	-	4,399,205
Total current liabilities	6,399,980	582,448	1,170,649	-	-	4,248,488	12,401,565
Noncurrent liabilities							
Long-term liabilities, net of current portion	-	-	-	-	-	26,421,318	26,421,318
Net pension liability	-	-	-	27,750,921	-	-	27,750,921
Net OPEB liability	-	-	-	7,097,606	-	-	7,097,606
Total noncurrent liabilities	-	-	-	34,848,527	-	26,421,318	61,269,845
Total liabilities	6,399,980	582,448	1,170,649	34,848,527	-	30,669,806	73,671,410
Deferred inflows of resources							
Deferred pension amounts	-	-	-	6,333,450	-	-	6,333,450
Deferred OPEB amounts	-	-	-	2,224,515	-	-	2,224,515
Total deferred inflows of resources	-	-	-	8,557,965	-	-	8,557,965
Net position							
Net investment in capital assets	-	-	-	-	-	41,608,422	41,608,422
Restricted:							
Nonexpendable	-	-	-	-	29,252	-	29,252
Expendable	-	-	379,184	-		-	379,184
Unrestricted (deficit)	702,470	9,050,974	-	(33,429,936)	-	6,744,834	(16,931,658)
Total net position (deficit)	$ 702,470	$ 9,050,974	$ 379,184	$ (33,429,936)	$ 29,252	$ 48,353,256	$ 25,085,200

JACKSON COLLEGE

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

For the Year Ended June 30, 2020

	General Fund	Designated Fund	Restricted Funds	CARES Act Fund	Pension and OPEB Liability Fund	Endowment Funds	Plant Funds	Elimination Entries	Combined Total
Operating revenues									
Tuition and fees (net of scholarship allowances of $14,494,818)	$ 28,558,606	$ -	$ -	$ -	$ -	$ -	$ -	$ (14,494,818)	$ 14,063,788
Federal grants and contracts	9,200	-	2,799,431	-	-	-	-	-	2,808,631
State grants and contracts	-	-	323,832	-	-	-	-	-	323,832
Housing revenue	967,194	-	-	-	-	-	-	-	967,194
Potter Center activities	296,380	-	-	-	-	-	-	-	296,380
Contract training	178,005	-	-	-	-	-	-	-	178,005
Seminars, workshops, and other	995,379	345,157	1,273,273	-	-	-	9,659	-	2,623,468
Current funds expenditures for capital equipment and improvements	-	-	-	-	-	-	3,854,204	(3,854,204)	-
Total operating revenues	**31,004,764**	**345,157**	**4,396,536**	**-**	**-**	**-**	**3,863,863**	**(18,349,022)**	**21,261,298**
Operating expenses									
Instruction	17,225,006	-	317,342	-	(624,307)	-	-	-	16,918,041
Information technology	2,978,315	-	-	4,525	(89,187)	-	-	-	2,893,653
Public service	1,016,159	-	-	-	(53,512)	-	-	-	962,647
Academic support	2,175,004	-	527,442	35,810	(267,560)	-	-	-	2,470,696
Student services	7,046,118	181,995	12,783,705	828,314	(428,096)	-	-	(14,494,818)	5,917,218
Administration	5,173,630	-	48,662	131,067	(142,699)	-	-	-	5,210,660
Operation and maintenance of plant	5,160,791	-	24,452	105,642	(178,374)	-	4,410,586	(3,854,204)	5,668,893
Depreciation and amortization	-	-	-	-	-	-	4,728,010	-	4,728,010
Total operating expenses	40,775,023	181,995	13,701,603	1,105,358	(1,783,735)	-	9,138,596	(18,349,022)	44,769,818
Operating (loss) income	(9,770,259)	163,162	(9,305,067)	(1,105,358)	1,783,735	-	(5,274,733)	-	(23,508,520)
Nonoperating revenues (expenses)									
State appropriations	12,796,117	-	-	-	(965,650)	-	-	-	11,830,467
Local property taxes	5,301,939	-	-	-	-	-	-	-	5,301,939
Federal Pell grant revenue	-	-	9,098,781	-	-	-	-	-	9,098,781
Federal Higher Education Emergency Relief Fund grant revenue	-	-	206,000	-	-	-	-	-	206,000
Private gifts and grants	150,766	48,621	2,000	-	-	-	-	-	201,387
Interest income	22	177,724	-	-	-	678	37,419	-	215,843
Loss on disposal of property and equipment	-	-	-	-	-	-	(100,214)	-	(100,214)
Interest expense	-	-	-	-	-	-	(1,127,909)	-	(1,127,909)
Transfer of assets to Jackson College Dormitories	-	-	-	-	-	-	(1,118,074)	-	(1,118,074)
Transfer of funds to Jackson College Foundation	-	(10,000)	-	-	-	-	-	-	(10,000)
Net nonoperating revenues (expenses)	18,248,844	216,345	9,306,781	-	(965,650)	678	(2,308,778)	-	24,498,220
Increase (decrease) in net position	8,478,585	379,507	1,714	(1,105,358)	818,085	678	(7,583,511)	-	989,700
Transfers in (out)	(8,477,790)	2,824,777	-	-	-	-	5,653,013	-	-
Net increase (decrease) in net position	795	3,204,284	1,714	(1,105,358)	818,085	678	(1,930,498)	-	989,700
Net position (deficit), beginning of year	702,470	9,050,974	379,184	-	(33,429,936)	29,252	48,353,256	-	25,085,200
Net position (deficit), end of year	$ 703,265	$ 12,255,258	$ 380,898	$ (1,105,358)	$ (32,611,851)	$ 29,930	$ 46,422,758	$ -	$ 26,074,900

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

For the Year Ended June 30, 2019

	General Fund	Designated Fund	Restricted Funds	Pension and OPEB Liability Fund	Endowment Funds	Plant Funds	Elimination Entries	Combined Total
Operating revenues								
Tuition and fees (net of scholarship allowances of $13,839,703)	$ 27,014,539	$ -	$ -	$ -	$ -	$ -	$ (13,839,703)	$ 13,174,836
Federal grants and contracts	9,200	-	2,547,802	-	-	-	-	2,557,002
State grants and contracts	-	-	413,119	-	-	-	-	413,119
Housing revenue	905,144	-	-	-	-	-	-	905,144
Potter Center activities	416,083	-	-	-	-	-	-	416,083
Contract training	179,345	-	-	-	-	-	-	179,345
Seminars, workshops, and other	1,043,645	256,615	667,107	-	-	6,941	-	1,974,308
Current funds expenditures for capital equipment and improvements	-	-	-	-	-	1,822,278	(1,822,278)	-
Total operating revenues	**29,567,956**	**256,615**	**3,628,028**	**-**	**-**	**1,829,219**	**(15,661,981)**	**19,619,837**
Operating expenses								
Instruction	16,827,013	-	384,366	(758,791)	-	-	-	16,452,588
Information technology	2,809,696	-	-	(151,757)	-	-	-	2,657,939
Public Service	1,147,721	-	-	-	-	-	-	1,147,721
Academic support	2,408,337	-	550,988	(758,789)	-	-	-	2,200,536
Student services	6,808,659	210,239	13,049,067	(1,062,304)	-	-	(13,839,703)	5,165,958
Administration	5,246,293	-	49,101	(151,757)	-	-	-	5,143,637
Operation and maintenance of plant	5,327,108	-	20,278	(151,757)	-	1,733,900	(1,822,278)	5,107,251
Depreciation and amortization	-	-	-	-	-	4,604,447	-	4,604,447
Total operating expenses	40,574,827	210,239	14,053,800	(3,035,155)	-	6,338,347	(15,661,981)	42,480,077
Operating (loss) income	(11,006,871)	46,376	(10,425,772)	3,035,155	-	(4,509,128)	-	(22,860,240)
Nonoperating revenues (expenses)								
State appropriations	14,080,952	-	-	(1,105,890)	-	-	-	12,975,062
Local property taxes	5,104,875	-	-	-	-	-	-	5,104,875
Federal Pell grant revenue	-	-	10,441,791	-	-	-	-	10,441,791
Private gifts and grants	47,327	59,919	1,500	-	-	-	-	108,746
Interest income	24	236,620	-	-	1,519	-	-	238,163
Loss on disposal of property and equipment	-	-	-	-	-	(17,304)	-	(17,304)
Interest expense	-	-	-	-	-	(936,693)	-	(936,693)
Transfer of funds to Jackson College Foundation	-	(9,608)	-	-	-	-	-	(9,608)
Total nonoperating revenues (expenses)	19,233,178	286,931	10,443,291	(1,105,890)	1,519	(953,997)	-	27,905,032
Other revenues								
Capital gifts and grants	-	-	-	-	-	19,992	-	19,992
Increase (decrease) in net position	8,226,307	333,307	17,519	1,929,265	1,519	(5,443,133)	-	5,064,784
Transfers in (out)	(8,225,645)	(954,200)	1,140	-	-	9,178,705	-	-
Net increase (decrease) in net position	662	(620,893)	18,659	1,929,265	1,519	3,735,572	-	5,064,784
Net position (deficit), beginning of year	701,808	9,671,867	360,525	(35,359,201)	27,733	44,617,684	-	20,020,416
Net position (deficit), end of year	$ 702,470	$ 9,050,974	$ 379,184	$ (33,429,936)	$ 29,252	$ 48,353,256	$ -	$ 25,085,200