Schoolcraft College

ANNUAL REPORT
June 30, 2015

On the Cover
The McDowell Center, named after the College's third president, Dr. Richard McDowell, was originally completed in 1994 and repurposed in 2015, serves as the College's home for student services

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Independent Auditor's Report

To the Board of Trustees
Schoolcraft College

Report on the Financial Statements

We have audited the accompanying financial statements of Schoolcraft College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise Schoolcraft 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The discretely presented component unit was not audited under *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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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 Schoolcraft College and its discretely presented component unit as of June 30, 2015 and 2014 and the respective changes in its financial position and, where applicable, cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Schoolcraft College

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2014, the College adopted new accounting guidance under Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment to Statement No. 27*. In accordance with GASB Statement No. 68, the College is now recognizing its unfunded pension benefit obligation as a liability on the statement of net position for the first time. GASB Statement No. 68 also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion & analysis, schedule of pension funding progress, and schedule of contributions, as identified 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 Schoolcraft College's basic financial statements. The other supplementary information is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015 on our consideration of Schoolcraft College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 Schoolcraft College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 19, 2015

Management's Discussion & Analysis - Unaudited

The discussion and analysis of Schoolcraft College's financial statements provides an overview of the College's financial position at June 30, 2015 and 2014 and its financial activities for the three years ended June 30, 2015. Management has prepared the financial statements and the related footnote disclosures, along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College.

Using The Annual Report

The annual financial report includes the report of independent auditors, this management's discussion and analysis, the basic financial statements, and notes to financial statements. The financial statements report information on the College as a whole. Following the basic financial statements and footnotes are two supplementary schedules, the Consolidating Statement of Net Position and the Consolidating Statement of Revenue, Expenses, and Transfers and Changes in Net Position. These additional schedules are required by the State of Michigan. Though the Governmental Accounting Standards Board does not require this information for a fair and complete presentation, the statements do provide additional information regarding the various funds and activities of the College not disclosed in the basic statements.

In November 2010, Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. As a result, the College is required to include the Schoolcraft College Foundation as a component unit in the financial statements. The Foundation's statement of financial position and statement of activities and changes in net assets have been included on separate pages.

Financial Highlights

The Statement of Financial Position reports the College's financial position for the three years ended June 30, 2015. The Statement of Revenues, Expenses, and Changes in Net Position reports the change in net position for the three years ended June 30, 2015. The College's financial position deteriorated during the years ended June 30, 2015 and 2014 with net position decreasing by $0.5 million (before adjustment for the change in accounting principle) and $3.1 million, respectively. The decrease in 2015 is primarily due to decreases in enrollment combined with a modest increase in salaries and wages offset by increases in tuition and fees rates. The decrease in 2014 is primarily due to decreases in enrollment combined with an increase in retirement and health care costs as well as a modest increase in salaries and wages. Following is a summary of the major components of the financial position of the College as of June 30, 2015, 2014 and 2013, in millions:

Financial Position (in millions)

	2015	2014	2013
Current assets	$ 24.8	$ 29.1	$ 31.8
Non-current assets			
Other	22.7	25.9	38.2
Capital assets	113.7	104.6	91.7
Total assets	161.2	159.6	161.7
Current liabilities	14.1	14.2	12.2
Long-term liabilities	111.9	17.0	17.9
Total liabilities	126.0	31.2	30.1
Deferred inflow of resources	0.4	-	-
Net position			
Net investment in capital assets	93.2	93.3	91.5
Restricted	0.1	0.1	0.1
Unrestricted	(58.5)	35.0	40.0
Total net position	$ 34.8	$ 128.4	$ 131.6

Management's Discussion & Analysis - Unaudited

During the year end June 30, 2015 total assets increased by $1.5 million and total liabilities increased by $94.8 million. The primary changes in assets include decreases in cash and investments of $8.9 million due to major capital expenditures and the resulting increase in capital assets of $9.0 million, an increase in property taxes receivable of $237,000, an increase in state appropriations receivable of $322,000, and an increase in federal grants receivable of $741,000. The primary changes in liabilities include a decrease in accounts payable of $1.4 million due to timing of construction projects ongoing near the previous year-end, an increase in both short and long-term debt obligations due to financing secured for IT projects approved by the board of trustees of $3.4 million, and an increase in net pension liability of $92.4 million due to the recognition of the College's proportionate share of the State of Michigan Public Schools Employees' Retirement System's unfunded actuarial accrued liability as required by GASB 68.

During the year end June 30, 2014 total assets decreased by $2.1 million and total liabilities increased by $1.0 million. The primary changes in assets include a decrease in cash and investments of $14.1 million due to major capital expenditures and the resulting increase in capital assets of $12.9 million, a decrease in property taxes receivable of $378,000, a decrease in state appropriations receivable of $325,000, and a decrease in prepaid expenses and other assets of $216,000. The primary changes in liabilities include an increase in accounts payable of $1.9 million due to timing of construction projects ongoing near year-end and an increase in unearned revenue of $127,000 due to increased tuition and fees approved by the board of trustees for the fall registrations, offset by a decrease in bonds payable including the related premium of $983,000.

Revenue, Expenses and Change in Net Assets (in millions)

	2015	2014	2013
Operating revenues			
Tuition and fees (net of scholarship allowance)	$ 27.4	$ 24.1	$ 22.9
Federal grants and contracts	1.8	1.3	1.3
State and other grants and contracts	0.8	0.9	0.8
Sales and services of auxiliary activities	8.0	8.6	9.5
Gain on disposal of assets	0.1	0.1	0.1
Miscellaneous	3.3	2.9	2.5
Total operating revenue	41.4	37.9	37.1
Operating expenses			
Instruction	34.3	32.6	31.7
Public services	2.1	1.9	2.1
Instructional support	12.3	12.0	11.2
Student services	25.8	24.8	23.5
Institutional administration	9.3	10.2	11.5
Operation and maintenance of plant	9.8	10.7	11.0
Depreciation	4.8	4.0	3.9
Total operating expenses	98.4	96.2	94.9
Net operating loss	(57.0)	(58.3)	(57.8)
Nonoperating revenues and (expenses)			
State appropriations	15.8	14.0	12.7
Property taxes	22.7	22.1	21.7
Pell grants	16.1	17.6	18.9
Other nonoperating revenues and (expenses) - net	1.0	0.5	(1.1)
Net nonoperating revenues	55.6	54.2	52.2
Other revenues			
Capital grants and contracts	0.9	0.9	0.9
Net decrease in net position	(0.5)	(3.2)	(4.7)
Net position, beginning of year	128.4	131.6	136.3
Adjustment for change in accounting principle	(93.1)	-	-
Net position, beginning of year, as restated	35.3	131.6	136.3
Net position, end of year	$ 34.8	$ 128.4	$ 131.6

Management's Discussion & Analysis - Unaudited

Operating Revenues

Operating revenues include charges for all exchange transactions such as tuition and fees, the sale of books and supplies, and the sale of food by Food Service and Culinary Arts. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes.

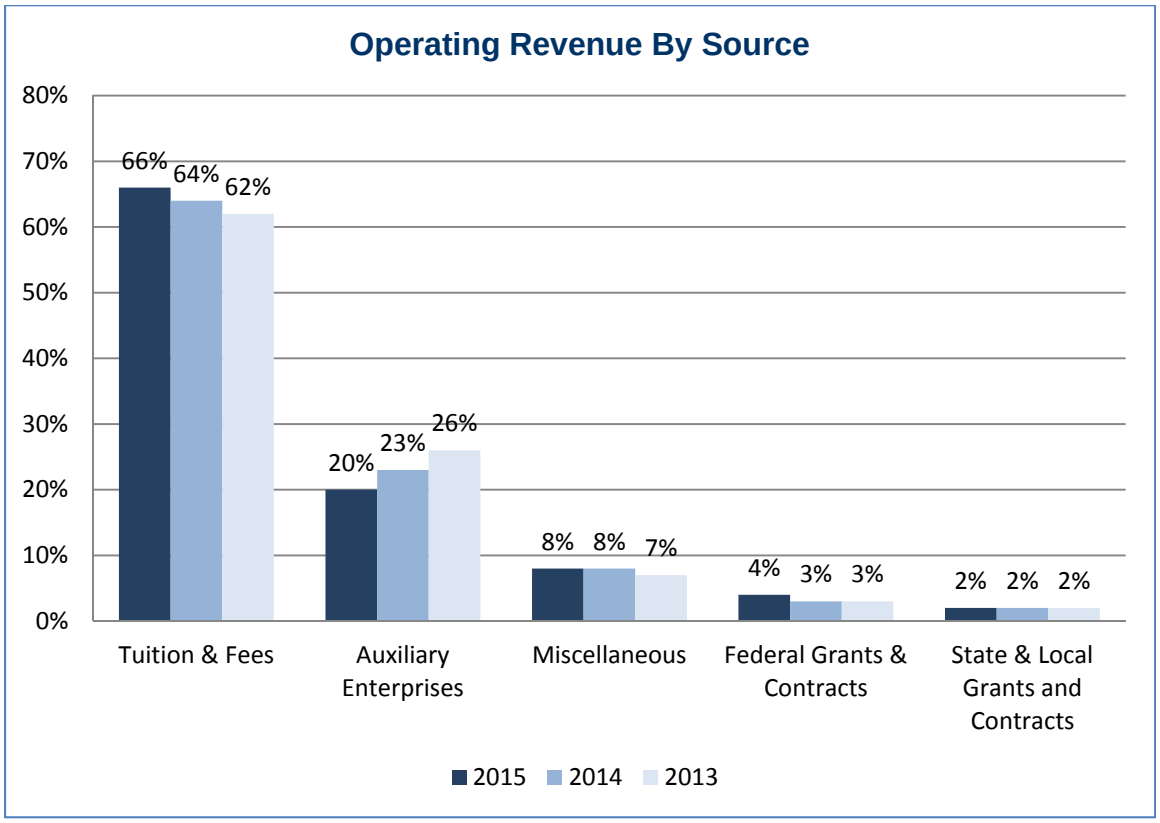
Operating revenue changes were the result of the following for the year ended June 30, 2015:

- Student tuition and fee revenue increased $3.2 million due to tuition and fee increases offset by a slight decrease in Pell grants covering the cost of attendance. Actual tuition and fee revenue before scholarship allowances increased $2.3 million or 5.89% due to tuition and fee increases coupled with an enrollment decrease of 3.6%. Auxiliary enterprises revenue decreased by $674,000 due to students taking advantage of book rentals in the bookstore which creates less revenue to the College than sales of books.

Operating revenue changes were the result of the following for the year ended June 30, 2014:

- Student tuition and fee revenue increased $1.2 million due to tuition and fee increases offset by a slight decrease in Pell grants covering the cost of attendance. Actual tuition and fee revenue before scholarship allowances increased $223,000 or 0.6% due to tuition and fee increases coupled with relatively flat enrollment. Auxiliary enterprises revenue decreased by $899,000 due to the introduction of book rentals in the bookstore.

The following chart illustrates operating revenues by source as a percent of total operating revenue:



Management's Discussion & Analysis - Unaudited

Operating Expenses

Operating expenses are the costs associated with achieving the mission of the college; providing instruction, enrolling and counseling students, maintaining the facilities, and managing the finances.

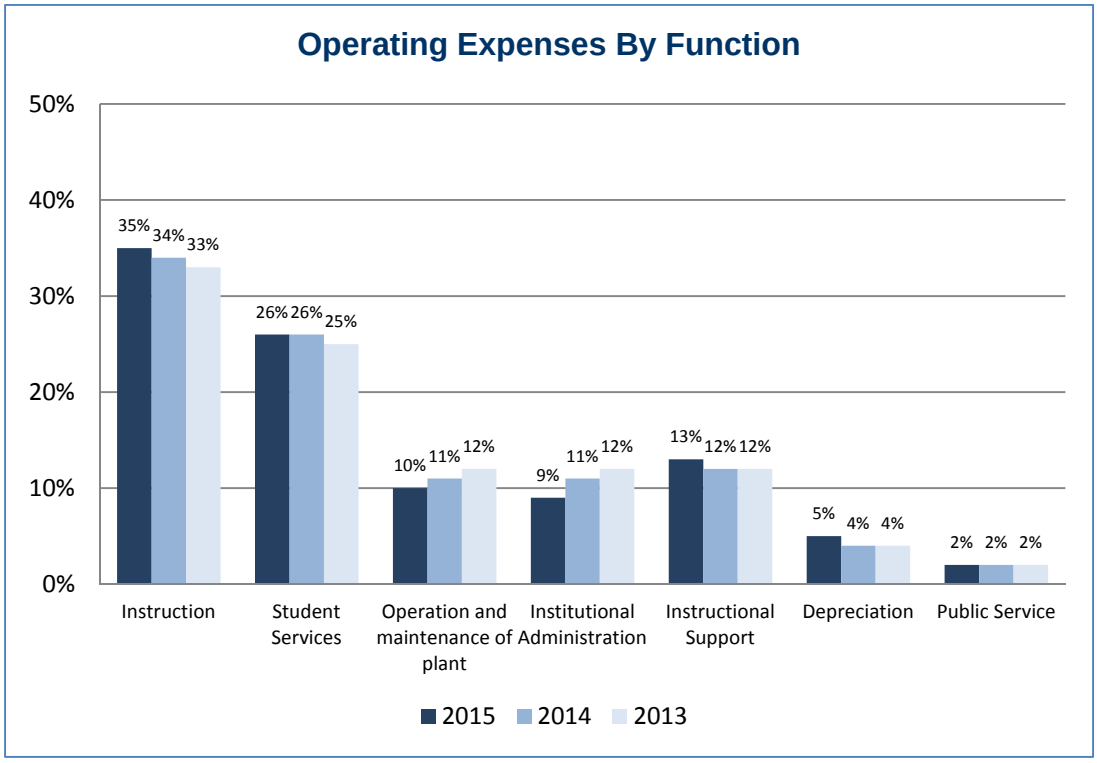
Operating expense changes were the result of the following for the year ended June 30, 2015:

- Operating expenses overall increased 2.31%. Average salary and benefit packages increased moderately due to increases in health care insurance and retirement payments.
- Instruction and instructional support increased 4.52% primarily due to salary and benefit increases.
- Student services increased 3.91% due to salary and benefit increases and additional marketing and promotional efforts undertaken to help increase enrollment.
- Institutional administration decreased 8.21% due to the reduced headcounts.
- Operation and maintenance of plant decreased 8.82% due to the deferral of maintenance projects and equipment replacements.

Operating expense changes were the result of the following for the year ended June 30, 2014:

- Operating expenses overall increased 1.37%. Average salary and benefit packages increased moderately due to increases in health care insurance and retirement payments.
- Instruction and instructional support increased 3.81% due to salary and benefit increases.
- Student services increased 5.40% due to salary and benefit increases and additional marketing and promotional efforts undertaken to help increase enrollment.
- Institutional administration decreased 11.39% due to the early retirement incentive offered in fiscal year 2013.

The following chart illustrates operating expenses by function as a percent of total operating expenses:



Management's Discussion & Analysis - Unaudited

Non-Operating Revenues

Non-operating revenues represent all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property taxes, Pell grants, and investment income.

Non-operating revenue changes were the result of the following factors for the year ended June 30, 2015:

- State appropriations increased by $1.7 million. This is primarily due to an increase of $1.33 million in payments over last year from the State of Michigan for retirement contributions to the MPSERS plan in an effort to fund the difference between the Colleges capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contribution rate pursuant to MPSERS reform legislation.
- Property taxes increased by $580,000 due to slight increases in property tax values.
- Unrealized gains on investments increased by $570,000 as there were moderate decreases in interest rates compared to 2014.
- Pell grant awards decreased by $1.5 million due to a decrease in the number of students qualifying for financial aid as well as an approximate 3.6% decrease in enrollment.

Non-operating revenue changes were the result of the following factors for the year ended June 30, 2014:

- State appropriations increased by $1.3 million. This is primarily due to $1.85 million in payments from the State of Michigan for retirement contributions to the MPSERS plan in an effort to fund the difference between the Colleges capped contribution rate for unfunded accrued liabilities (20.96%) and the actual unfunded actuarial accrued liability contribution rate pursuant to MPSERS reform legislation.
- Property taxes increased by $373,000 due to slight increases in property tax values.
- Unrealized losses on investments decreased by $1.5 million as there wasn't fluctuation in interest rates like there were in 2013.
- Pell grant awards decreased by $1.3 million due to a decrease in the number of students qualifying for financial aid.

Other Revenue

Other revenue consists of items that are typically non-recurring, extraordinary, or unusual to the College.

Other revenue changes were the result of the following factors for the year ended June 30, 2015:

- The College received $11,500 more in payments from the Schoolcraft Development Authority.

Other revenue changes were the result of the following factors for the year ended June 30, 2014:

- The College received $1,000 more in payments from the Schoolcraft Development Authority.

Statement of Cash Flows

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

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

The College's cash and cash equivalent position decreased by $6.2 million at June 30, 2015, primarily due to making investments in construction and facilities improvements of $9.4 million offset by converting $5.2 million from restricted investments into cash and cash equivalents in connection with the proceeds of the 2013 $18 million bond issuance to fund the aforementioned construction.

Management's Discussion & Analysis - Unaudited

Statement of Cash Flows (in millions)

	2015	2014	2013
Cash provided (used) by:			
Operating activities	$ (54.6)	$ (52.3)	$ (54.1)
Noncapital financing activities	53.7	54.5	52.3
Capital and related financing activities	(9.5)	(17.1)	6.0
Investing activities	4.2	4.9	(14.9)
Net decrease in cash and equivalents	(6.2)	(10.0)	(10.7)
Cash and equivalents - beginning of year	21.0	31.0	41.7
Cash and equivalents - end of year	$ 14.8	$ 21.0	$ 31.0

Capital Assets and Debt Administration:

Capital Assets

The College had $113.7 million and $104.6 million invested in capital assets, net of accumulated depreciation of $57.4 million and $53.0 million at June 30, 2015 and 2014, respectively. Depreciation charges totaled $4.8 and $4.0 million, respectively, for the years then ended.

	2015	2014	2013
Land and land improvements	$ 11.1	$ 8.3	$ 8.6
Buildings and improvements	87.1	71.7	67.4
Equipment	7.6	3.0	3.4
Infrastructure	2.5	2.7	3.0
Construction in progress	5.4	18.9	9.3
	$ 113.7	$ 104.6	$ 91.7

Major capital additions this year include:

	Source of Funds:		
Projects completed this year:	Bond Proceeds	Operating Funds	Total
The Jeffress Center	$ 2,651,769	$ -	$ 2,651,769
VistaTech Chiller Replacement Phase II	99,930	-	99,930
CEPD demolition & parking lot	555,658	-	555,658
North ring road	12,605	-	12,605
The Jeffress Center & McDowell Center Equipment	-	1,218,051	1,218,051
Projects started this year or last year:			
Data Center	286,198	257,387	543,585
McDowell Center repurposing	1,726,006	-	1,726,006
The Jeffress Center security and technology upgrades	-	1,552,346	1,552,346
McDowell Center security and technology upgrades	-	74,587	74,587
Total major additions	$ 5,332,166	$ 3,102,371	$ 8,434,537

Management's Discussion & Analysis - Unaudited

The College has entered into construction contracts and commitments totaling approximately $9,173,000 for the College network upgrade and desktop virtualization, data center, McDowell Center repurposing, and the Jeffress Center and McDowell Center security and technology upgrades. As of June 30, 2015 the College had recorded expenditures relating to these projects totaling $5,377,000. These projects are expected to be completed during the year ending June 30, 2016. The remaining commitments total $3,796,000 of which remaining bond proceeds and capital lease will fund $2,811,000.

More detailed information about the College's capital assets is presented in the footnotes to the financial statements.

Debt Administration

At year-end, the College had $16.2 million in debt outstanding from the issuance of $18.0 million in general obligation, limited-tax bonds, issued for various construction projects included in the section above, as authorized by the Board of Trustees on March 27, 2013. Bond principal payments are due annually each May through maturity in fiscal year 2028. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 3.0%.

The College's general obligation bond rating was Aa1 by Moody's in May 2013 upon issuance. According to Moody's, at the time of the bond issuance, the strong rating was based upon the College's sizeable tax base located in Southeast Michigan, sound management of financial operations, healthy financial position, and very low debt burden.

Also at year-end, the College had $4.5 million in debt outstanding from the lease agreement signed to fund the upgrade of the College's network through installation and implementation of hardware and software, which included desktop virtualization as well as network equipment enhancements campus-wide, as authorized by the Board of Trustees on November 19, 2014. Lease payments, including principal and interest of 2.4%, are due annually each December through maturity in fiscal year 2020.

Economic Factors Which Will Affect the Future

In 2015/16 the College anticipates receiving State appropriation funding of $12.7 million, which is equivalent to the amount received from the State in 2001/02. State equalized value and taxable values have increased slightly in the College district along with new construction. Property tax revenue for 2015/2016 will increase by approximately 3% and is estimated to continue increasing at a modest rate for 2016/2017. It is projected that it will take ten more fiscal years to recover to pre-recession property tax revenue levels. The Board has approved an average tuition increase of 3.05%, effective with the fall 2015 term, and enrollment for the fall semester compared to last year is projected to increase by approximately 3%.

The College is subject to Section 4 of Michigan Public Act 152 of 2011. This act caps the College's costs related to medical benefits it offers its employees and will help the College contain its medical benefit costs. Once fully implemented in 2015 due to collective bargaining agreements, the College's share of medical benefits will not exceed 80% of the total annual costs of all the medical benefit plans it offers or contributes to for its employees. Fully implemented in 2015, the yearly savings approximate $900,000.

On September 5, 2012 Public Act 300 (or Senate Bill 1040) was signed into law by the Governor. The law outlines significant reforms to the MPSERS retirement system that has dramatically affected the expected retirement rates paid by the College as well as the benefits provided to MPSERS participants. In connection with Public Act 300, the College's MPSERS contribution rate will be capped at 25.78% for 2015/16 until further legislation is enacted. Under these rates, this represents a cumulative increase from 2005/06 of approximately 58%. During that same period of time, the cumulative CPI for the United States increased 22.69%. If MPSERS had limited increases to the CPI figures over that period, the current actual rate would be 20.05%. Schoolcraft's recurring revenue streams are relegated to increase tied to the CPI rate. Contributions to MPSERS using the adjusted CPI figure of 20.05% would net the college a recurring savings of approximately $2.1 million annually. Unfortunately, the MPSERS contribution rate has increased beyond the CPI and the MPSERS plan still has unfunded pension and postemployment benefit liabilities totaling approximately $22.4 billion and $14.5 billion, respectively.

Management's Discussion & Analysis - Unaudited

GASB pronouncement number 68 addresses the accounting and financial reporting of the unfunded pension liability and is effective for the College's year ending June 30, 2015. The College's portion of the unfunded pension liability is approximately $92.4 million as of June 30, 2015. GASB pronouncement number 75, effective for the College's year ending June 30, 2018, will address the unfunded postemployment health care benefit. The College estimates that its share of the unfunded postemployment benefit liability is approximately $60.8 million as of June 30, 2015.

Current retirement contribution rates are unsustainable long term and will require structural changes to the MPSERS Plan or College operations in order for the College to be able to continue to provide affordable and effective services.

Due to several economic factors, including stagnation in state appropriations, enrollment declines over the past several years, and significant declines in property values since the economic downturn in 2008, the College has elected to have a millage proposal on the November 3, 2015 ballot. Voters in the College district include residents in the Clarenceville, Garden City, Livonia, Northville, and Plymouth-Canton public school districts. Residents will be asked to consider the millage proposal for operating funds which is an increase of the current millage rate by 0.60 mills ($0.60 on each $1,000 of taxable valuation) for a period of 10 years. Based on a home with a market value of $100,000, the homeowner will invest an additional $30 per year, or $2.50 per month in the College. If approved, the estimated annual operating revenue is approximately $7.5 million to $8.0 million.

Statement of Net Position

	As of June 30	
	2015	2014
Assets		
Current Assets		
Cash and cash equivalents - Note 2	$ 14,822,875	$ 20,561,191
Short-Term investments - Note 2	504,054	502,937
Property taxes receivable, net of allowance for doubtful accounts of $40,400 in 2015 and $44,600 in 2014	500,446	263,328
State appropriation receivable	2,854,284	2,532,134
Accounts receivable, net of allowance for doubtful accounts of $1,385,384 in 2015 and $1,005,190 in 2014	2,107,382	1,972,532
Accrued interest receivable	105,408	102,303
Federal and state grants receivable	1,220,293	479,275
Student loans receivable, net of allowance for doubtful accounts of $0 in both 2015 and 2014	16,250	16,050
Inventories	1,744,756	1,912,646
Prepaid expenses and other assets	894,762	732,349
Total Current Assets	24,770,510	29,074,745
Noncurrent Assets		
Restricted cash and investments - Note 1	203,175	5,833,416
Long-term investments - Note 2	22,512,672	20,070,713
Property and equipment - Note 7	113,674,331	104,638,611
Total Assets	161,160,688	159,617,485
Liabilities		
Current Liabilities		
Current portion of debt obligations - Note 9	1,958,270	1,007,544
Accounts payable	2,094,671	3,467,579
Accrued interest payable	110,219	59,215
Accrued payroll and other compensation	5,797,429	5,379,350
Deposits	24,467	52,324
Unearned revenue	4,093,478	4,202,530
Contingent liabilities - Note 5	484	10,772
Total Current Liabilities	14,079,018	14,179,314
Noncurrent Liabilities		
Net pension liability - Note 3	92,367,456	-
Long-term debt obligations - Note 9	18,689,742	16,195,977
Accrued severance pay - Note 9	829,185	797,387
Total Liabilities	125,965,401	31,172,678
Deferred Inflows of Resources - Note 3	371,949	-
Net Position		
Net investment in capital assets	93,229,494	93,268,505
Restricted for:		
Expendable restricted grants	126,625	127,243
Unrestricted - Note 1	(58,532,781)	35,049,059
Total Net Position	$ 34,823,338	$ 128,444,807

The accompanying notes are an integral part of these statements.

Schoolcraft College Foundation Statement of Net Assets

	As of June 30	
	2015	2014
Assets		
Cash and cash equivalents	$ 22,730	$ 114,908
Marketable securities	14,114,167	14,686,321
Assets held under charitable remainder unitrust agreement	97,518	104,034
Accounts receivable	4,230	1,363
Contributions receivable - net	26,690	36,146
Beneficial interest in remainder trusts	64,511	-
Cash surrender value - life insurance policy	11,524	10,537
Prepaid expenses	2,279	5,338
Total Assets	$ 14,343,649	$ 14,958,647
Liabilities And Net Assets		
Liabilities		
Payable to Schoolcraft College	$ 47,324	$ 51,506
Other liabilities	28,461	4,912
Deferred revenue	-	1,000
Liability under charitable remainder unitrust and gift annuity agreements	63,055	59,729
Total Liabilities	138,840	117,147
Net Assets		
Unrestricted		
Board designated	3,238,472	3,445,295
Undesignated	672,432	566,390
Temporarily restricted	3,069,902	3,876,100
Permanently restricted	7,224,003	6,953,715
Total Net Assets	14,204,809	14,841,500
Total Liabilities And Net Assets	$ 14,343,649	$ 14,958,647

The accompanying notes are an integral part of these statements.

Statement of Revenue, Expenses and Changes in Net Position

	Years Ended June 30	
	2015	2014
Operating Revenue		
Tuition and fees (Net of scholarship allowances of $13,274,034 in 2015 and $14,259,915 in 2014)	$ 27,358,642	$ 24,112,805
Federal grants and contracts	1,807,086	1,313,905
State and local grants and contracts	733,168	794,277
Nongovernmental grants	98,660	76,391
Auxiliary enterprises	7,973,477	8,647,879
Gain on disposal of assets	28,130	14,623
Miscellaneous	3,386,540	2,918,798
Total Operating Revenue	41,385,703	37,878,678
Operating Expenses		
Instruction	34,269,616	32,578,521
Public service	2,140,267	1,902,375
Instructional support	12,330,262	12,007,329
Student services	25,773,228	24,803,425
Institutional administration	9,323,602	10,157,451
Operation and maintenance of plant	9,780,495	10,727,095
Depreciation	4,822,371	4,044,942
Total Operating Expenses	98,439,841	96,221,138
Operating Loss	(57,054,138)	(58,342,460)
Nonoperating Revenue and (Expenses)		
State appropriations	15,804,127	14,064,425
Property tax levy	22,686,332	22,106,576
Interest income	494,067	520,402
Interest expense	(54,248)	-
Unrealized gain (loss) on investments	564,863	(3,483)
Pell grants	16,130,242	17,655,030
Net Nonoperating Revenues	55,625,383	54,342,950
Loss Before Other Revenue	(1,428,755)	(3,999,510)
Other Revenue		
Capital gifts and grants	883,500	872,000
Decrease in Net Position	(545,255)	(3,127,510)
Net Position		
Net Position - Beginning of Year	128,444,807	131,572,317
Adjustment for change in accounting principle - Note 1	(93,076,214)	-
Net Position - Beginning of Year, As Restated	35,368,593	131,572,317
Net Position - End of Year	$ 34,823,338	$128,444,807

The accompanying notes are an integral part of these statements.

Schoolcraft College Foundation Statement of Activities and Changes in Net Assets

	Years Ended June 30	
	2015	2014
Revenue		
Gifts and contributions	$ 477,009	$ 882,819
Fund-raising events	147,760	146,192
Investment income	587,682	602,989
Change in cash surrender value of life insurance policy	987	3,668
Realized and unrealized (losses) gains on investments	(973,804)	1,379,029
Increase (decrease) in actuarial value of charitable remainder unitrust agreement	(2,990)	1,221
Donated administrative support	594,820	-
Total Revenue	831,464	3,015,918
Expenses		
Scholarships	363,451	268,370
Other College support	235,454	290,536
Fund-raising expenses	44,503	43,279
Donated administrative expenses	594,820	-
Administrative expenses	229,927	224,330
Total Expenses	1,468,155	826,515
(Decrease) Increase in Net Assets	(636,691)	2,189,403
Net Assets - Beginning of Year	14,841,500	12,652,097
Net Assets - End of Year	$ 14,204,809	$ 14,841,500

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

	Years Ended June 30	
	2015	2014
Cash Flows From Operating Activities		
Tuition and fees	$ 27,086,883	$ 24,543,350
Grants and contracts	1,897,896	2,185,445
Payments to suppliers	(49,433,562)	(46,871,232)
Payments to employees	(45,556,198)	(43,730,075)
Auxiliary enterprise charges	7,973,477	8,647,879
Other	3,414,670	2,933,421
Net Cash Used For Operating Activities	(54,616,834)	(52,291,212)
Cash Flows From Noncapital Financing Activities		
Local property taxes	22,449,914	22,484,966
Pell grants	15,789,891	17,672,780
William D. Ford Direct Lending receipts	12,277,500	13,823,063
William D. Ford Direct Lending disbursements	(12,280,196)	(13,825,240)
State appropriations	15,481,977	14,389,422
Net Cash Provided by Noncapital Financing Activities	53,719,086	54,544,991
Cash Flows From Capital And Related Financing Activities		
Purchase of capital assets	(9,423,510)	(16,972,162)
Principal paid on capital debt	(995,000)	(970,000)
Capital grant and gift proceeds	883,500	872,000
Net Cash Used For Capital and Related Financing Activities	(9,535,010)	(17,070,162)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investment	6,421,611	4,846,054
Interest on investments	490,962	520,396
Purchase of investments	(2,674,343)	(502,937)
Net Cash Provided By Investing Activities	4,238,230	4,863,513
Net Decrease In Cash And Cash Equivalents	(6,194,528)	(9,952,870)
Cash And Cash Equivalents - Beginning Of Year	21,034,563	30,987,433
Cash And Cash Equivalents - End Of Year	$ 14,840,035	$ 21,034,563

The accompanying notes are an integral part of these statements.

Statement of Cash Flows (continued)

	Years Ended June 30	
	2015	2014
Statement of Net Position Classifications Of Cash And Cash Equivalents		
Cash and cash equivalents	$ 14,822,875	$ 20,561,191
Restricted cash and cash equivalents	17,160	473,372
Total Cash And Cash Equivalents	$ 14,840,035	$ 21,034,563
Reconciliation Of Net Loss To Net Cash Used For Operating Activities:		
Operating loss	$ (57,054,138)	$ (58,342,460)
Adjustment to reconcile operating loss to net cash used for operating activities:		
Depreciation	4,822,371	4,044,942
Gain on disposal of assets	28,130	14,623
(Increase) decrease in assets:		
Accounts receivable, net	(134,850)	276,851
Federal and state grant receivable	(741,018)	872
Student loans receivable	(200)	-
Inventories	167,890	(267,323)
Prepaid assets and other current assets	(162,413)	215,782
Increase (decrease) in liabilities:		
Accounts payable	(1,559,481)	1,684,492
Accrued interest payable	51,004	1,667
Accrued payroll and other compensation	418,079	(92,646)
Accrued severance pay	31,798	71,622
Deposits	(27,857)	26,809
Unearned revenue	(109,052)	126,885
Contingent liabilities	(10,288)	(53,328)
Net pension liability	(336,809)	-
Net Cash Used For Operating Activities	$ (54,616,834)	$ (52,291,212)

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

Note 1 - Reporting Entity, Basis of Presentation and Significant Accounting Policies

Reporting Entity

Schoolcraft College (College) is a community college located in Southeast Michigan. The Main Campus and Public Safety Training Complex are located in Livonia and the Radcliff Center is located in Garden City. Founded in 1961 and named after Henry Rowe Schoolcraft, a nineteenth century writer, historian, scientist and educator, it is governed by a seven member Board of Trustees elected for six year overlapping terms.

As required by generally accepted accounting principles, these financial statements present the College and its component unit, the Schoolcraft College Foundation, described below. A component unit is a separate legal entity that is included in the College's reporting entity because of the significance of its operational and financial relationships with the College.

The Schoolcraft College Foundation (Foundation) is discretely reported as a part of the College reporting entity (although it is a separate legal entity established as a 501(c)3 not–for–profit corporation and governed by its own Board of Governors). Separate financial statements of the Foundation are available by contacting the Schoolcraft College Foundation, 18600 Haggerty Rd, Livonia, Michigan 48152-2696.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board Statement (GASB) No. 35 and the State of Michigan *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001.*

The College reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or part by fees charged to external parties for goods and services.

Significant Accounting Policies

Measurement Focus and Basis of Accounting

The financial statements have been prepared on the accrual basis, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less.

Investments

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

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out method and consist of books, food and supplies.

Restricted Cash and Investments

Restricted cash and investments consist of unspent bond proceeds which are restricted for capital expenditures.

Property and Equipment

Property and equipment are recorded at cost or, if acquired by gift, at the fair market value as of the date of acquisition. Depreciation is provided for on a straight-line basis over the estimated useful life of the assets.

Unearned Revenue

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue at June 30, 2015 is for the summer 2015 semester which began June 30, 2015 and for the fall 2015 semester which begins August 31, 2015.

Accrued Severance Pay

Accrued severance pay represents the accumulated liability to be paid under the College's current severance pay policy. Under the College's policy, certain employees earn severance pay based on length of service with the College.

Bond Issuance Costs

Bond issuance costs are expensed when incurred.

Notes to Financial Statements

Pensions

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

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College deferred inflows of resources related to the net pension liability, see Note 3 for more information.

Net Position

GASB No. 34 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

Unrestricted Net Position

Unrestricted net position represents net position that is not subject to externally imposed restrictions. A portion of the unrestricted net position has been designated for certain future expenditures and contingent liabilities of the College. While these items are not actual liabilities, they do represent commitments of College resources at June 30, 2015 and 2014 and the Board of Trustees believes that provision should be made for these future expenditures. These designations are as follows:

	2015	2014
Designated for:		
Facilities master plan proposed projects	$ 2,300,000	$ 6,724,500
Scholarships	285,000	291,380
Technology replacements	3,742,000	945,000
Major maintenance & renovation	7,916,000	10,520,000
Instructional and student support systems	750,000	750,000
Instructional equipment	2,978,000	2,357,830
Auxiliary activities	956,876	1,898,711
Personnel commitments, self insurance reserves and working capital	6,195,220	6,073,745
Reserve for executive orders	2,500,000	2,500,000
Debt service costs	1,383,275	1,383,275
Unrestricted and unallocated	(87,539,152)	1,604,618
Total Unrestricted Net Position	$ (58,532,781)	$ 35,049,059

Net Investment in Capital Assets

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

Restricted Net Position - 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.

Operating Revenue and Expenses

Revenue and expense transactions are normally classified as operating revenue and expenses when such transactions are generated by the College's principal ongoing operations. However, most revenue that is considered to be non-exchange, such as tax revenue and state appropriations, are non-operating revenues.

Notes to Financial Statements

Property Taxes

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

Property tax revenue levied for general operating purposes was $22,888,890 and $22,464,539 based on $1.7967 of tax per $1,000 of taxable property value in the community college taxing district for the years ended June 30, 2015 and 2014.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 19, 2015, which is the date the financial statements were available to be issued.

Adoption of New Standard

The GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The Statements also enhance accountability and transparency through revised note disclosures and required supplementary information (RSI). In accordance with the statement, the College has reported a Net Pension Liability of $93.1 million as a change in accounting principle adjustment to Unrestricted Net Position as of July 1, 2014.

June 30, 2014 amounts have not been restated to reflect the impact of GASB 68 because the information is not available to calculate the impact on pension expense for the fiscal year ending June 30, 2014.

Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The College is currently evaluating the impact this standard will have on the financial statements when adopted, during the College's 2015-2016 fiscal year.

Note 2 - Deposits and Investments

The College's deposits and investments are included on the statement of net position under the following classifications:

	2015	2014
Cash and cash equivalents	$ 14,840,034	$ 21,034,563
Short-term investments	690,070	5,676,801
Long-term investments	22,512,672	20,256,893
Total	$ 38,042,776	$ 46,968,257

Notes to Financial Statements

As of June 30, 2015, the College has the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	More Than 5 Years
Certificate of deposit	$ 504,054	$ 504,054	$ -	$ -
United States treasuries	186,016	186,016	-	-
Federal government agency bonds	22,512,672	-	-	22,512,672
Total	$ 23,202,742	$ 690,070	$ -	$ 22,512,672

As of June 30, 2014, the College has the following investments and maturities:

	Fair Market Value	Less Than One Year	1-5 Years	More Than 5 Years
Certificate of deposit	$ 502,937	$ 502,937	$ -	$ -
United States Treasuries	5,360,043	5,173,864	186,179	-
Federal government agency bonds	20,070,714	-	-	20,070,714
Total	$ 25,933,694	$ 5,676,801	$ 186,179	$ 20,070,714

The above amounts are classified by GASB Statement Number 3 in the following categories:

	2015	2014
Bank deposits (checking & savings accounts and certificates of deposit)	$ 15,305,707	$ 20,480,722
Institutional money market fund	17,160	473,272
Petty cash and cash on hand	21,222	39,613
Governmental short-term pooled investment funds	-	543,893
Federal government agency bonds	22,512,672	20,070,714
United States treasuries	186,015	5,360,043
Total	$ 38,042,776	$ 46,968,257

Deposits

The above deposits were reflected in the accounts of the bank at June 30, 2015 and 2014 (without recognition of checks written but not yet cleared or of deposits in transit) at $15,594,563 and $21,365,777 respectively. Of this amount $750,000 and $1,000,000 respectively was covered by federal depository insurance and $14,844,563 and $20,365,777 respectively was uninsured and uncollateralized. The College believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the College evaluates each financial institution it deposits College funds with and assesses the level of risk of each financial institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk

The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The College is authorized by Michigan Public Act 331 of 1966, as amended through 2012, and by resolution of the Board of Trustees to invest surplus monies in bonds, bills and notes of the United States or obligations of the State of Michigan, mutual funds and investment pools that are composed of authorized investments, bankers acceptances, commercial paper rated prime by at least one of the standard rating services, negotiable certificates of deposits and certain repurchase agreements. The College has no investment policy that would further limit its investment choices.

The credit quality rate of the governmental short-term pooled investment funds as rated by Moody's Investor Service at June 30, 2014 was Aaa.

Notes to Financial Statements

Concentration of Credit Risk
The College places no limit on the amount the College may invest in any one issuer. More than 5 percent of the College's investments at June 30, 2015 and 2014 were invested as follows:

	2015	2014
Federal government-backed securities	97%	77%
United States treasuries	1%	21%
Certificate of deposit	2%	2%

Custodial Credit Risk
The College's investments are all in the name of the College. The investments are custodied with each bank they were purchased from. Therefore, custodial risk is limited.

Schoolcraft College Foundation Investments
Investments are comprised of mutual funds, bond and exchange traded funds with a fair market value of $14,114,168 and $14,686,321 as of June 30, 2015 and June 30, 2014, respectively.

Note 3 - Retirement Plans and Postemployment Benefits

Michigan Public Schools Employees' Retirement System

Plan Description
The College participates in the Michigan Public Schools Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan covering substantially all college employees. MPSERS provides retirement, survivor and disability benefits to plan members and their beneficiaries. MPSERS also provides post-employment health care benefits to retirees and beneficiaries who elect to receive those benefits. MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for the pension and post-employment health care plans. That report may be obtained by writing to Office of Retirement Services (ORS) at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909-7671 or at www.mighigan.gov/orsschools.

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

College contributions are determined based on employee elections. There are seven different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates during the periods covered by this report is as follows:

July 1, 2013 – September 30, 2013	12.78% - 16.25%
October 1, 2013 – September 30, 2014	15.44% - 18.34%
October 1, 2014 – June 30, 2015	18.76% - 23.07%

Depending on the plan selected, plan member contributions range from 0 percent up to 9.4 percent of gross wages. Plan members electing into the defined contribution plan are not required to make additional contributions.

The College's required and actual contributions to MPSERS for the years ended June 30, 2015 and 2014 were $8,314,000 and $6,680,000, respectively. In addition, the College recognized contributions include $3,185,000 and $1,850,000 in revenue received from the State of Michigan to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate for the years ended June 30, 2015 and 2014. These funds were also remitted to the plan.

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

Notes to Financial Statements

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

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

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

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3.00 percent. For some members that do not receive an annual increase, they are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2015, the College reported a liability of $92,367,000 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2013, which used updated procedures to roll forward the estimated liability to September 30, 2014. The College's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2014 and 2013, the College's proportion was 0.41935 percent.

For the year ended June 30, 2015, the College recognized pension expense of $6,175,898. Information is not available to calculate the impact on pension expense for the year ended June 30, 2014. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	3,408,161	-
Net difference between projected and actual earnings on pension plan assets	-	10,211,260
Changes in proportion and differences between College contributions and proportionate share of contributions	-	2,098
College contributions subsequent to the measurement date	6,433,248	-
Total	$ 9,841,409	$ 10,213,358

Notes to Financial Statements

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	$ 1,655,844
2017	1,655,844
2018	1,655,844
2019	1,837,665
2020	-
Thereafter	-
Total	$ 6,805,197

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2016).

Actuarial Assumptions

The total pension liability as of September 30, 2014, based on the results of an actuarial valuation date of September 30, 2013, and rolled forward, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal cost actuarial cost method
Assumed rate of return	7.00 to 8.00 percent, net of investment and administrative expenses based on the groups
Rate of pay increases	3.50 percent
Mortality basis	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2025 using projection scale BB

The actuarial assumptions used for the September 30, 2013 valuation were based on the results of an actuarial experience study for the period October 1, 2007 to September 30, 2012. As a result of this study, the actuarial assumptions were adjusted to more closely reflect actual experience.

Discount Rate

The discount rate used to measure the total pension liability was 7.00-8.00 percent, depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Notes to Financial Statements

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	28.0%	4.8%
Private Equity Pools	18.0%	8.5%
International Equity Pools	16.0%	6.1%
Fixed Income Pools	10.5%	1.5%
Real Estate & Infrastructure Pools	10.0%	5.3%
Real Return, Opportunistic, and A	15.5%	6.3%
Short Term Investment Pools	2.0%	-0.2%
Total	100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the College, calculated using the discount rate of 7.00-8.00 percent, depending on the plan option, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (7.00/6.00 percent) or 1.00 percentage point higher (9.00/8.00 percent) than the current rate:

1.00 percent decrease (7.00/6.00 percent)	Current discount rate (8.00/7.00 Percent)	1.00 percent increase (9.00/8.00 percent)
$ 121,778,447	$ 92,367,456	$ 67,588,261

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan

At June 30, 2015, the College reported a payable of $1,404,750 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Postemployment Benefits Other Than Pensions (OPEB)

Under the MPSERS' Act, all retirees participating in the MPSERS' Pension Plan have the option of continuing health, dental and vision coverage through MPSERS. Retirees having these coverages contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the current monthly premium amount for the health, dental and vision coverage's at the time of receiving the benefits. The MPSERS Board of Trustees annually sets the required employer contribution rate to fund these benefits on a pay-as-you-go basis. Participating employers are required to contribute at that rate. The employer contribution rate ranged from 5.52 percent to 6.45 percent of covered compensation for the period from October 1, 2013 through September 30, 2014, and from 2.20 percent to 2.71 percent of covered compensation for the period from October 1, 2014 through June 30, 2015 dependent upon the employee's date of hire and plan election as noted above. Members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 403B account. College required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2015, 2014 and 2013 were approximately $930,000, $2,246,000, and $3,259,000 respectively.

Defined Contribution Pension Plan

Full-time faculty, administrators and full-time classified employees may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). Under ORP, the College contributes 12.00%, and the participant contributes 4.00% of the participant's

Notes to Financial Statements

compensation. Compensation covered under the plan for the year ended June 30, 2015 was approximately $6,763,000, resulting in contributions of approximately $810,000 and $270,000 for the College and employee, respectively. Compensation covered under the plan for the year ended June 30, 2014 was approximately $5,078,000, resulting in contributions of approximately $609,400 and $203,100 for the College and employee, respectively.

Note 4 - Related Party Transaction

Schoolcraft Development Authority, Inc. (SDA), a not-for-profit corporation, was established by the College to direct College land development activities and operates and acts exclusively for the charitable and educational purposes that support the College. The College leases a total of approximately 74 acres of land to the SDA under a lease for approximately 17 acres that expires in 2061, a lease for approximately 45 acres that expires in 2077, and a lease for approximately 12 acres that expires in 2060. The leases require annual payments ranging from $1 to $1.50 per year and require the SDA to pay the College its revenue in excess of expenses. The revenue realized by the College from the ground lease is to be used for the purpose of financing capital improvements. At the end of the lease term all improvements revert to the College. During the years ended June 30, 2015 and 2014 $883,500 and $872,000 respectively was received from the SDA.

SDA assets are immaterial to the College and are not included in the financial statements of the College. Separate financial statements of the SDA are available by contacting Schoolcraft Development Authority, Inc., 18600 Haggerty Rd, Livonia, Michigan 48152-2696.

Note 5 - Risk Management

The College is exposed to various risks of loss related to property loss, general liability, errors and omissions, workers' compensation as well as medical benefits provided to employees. The College purchased commercial insurance for medical benefits, is self-insured for vision benefits and is partially insured for workers' compensation to a maximum of $400,000 for each claim and, in the aggregate, for claims up to $450,000 for the one-year insurance policy period expiring June 30, 2014. The College has purchased commercial insurance for medical benefits, is self-insured for vision benefits and is partially insured for workers' compensation to a maximum of $400,000 for each claim and, in the aggregate, for claims up to $1,000,000 for the two-year insurance policy period expiring June 30, 2016.

The Michigan Community College Risk Management Authority (MCCRMA) risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operated as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to MCCRMA, which MCCRMA uses to pay claims up to the retention amounts, the ultimate liability for those claims remains with the College.

The College and nineteen other Michigan community colleges have formed MCCRMA to provide liability, vehicle physical damage and property and crime insurances. The College is responsible for a self-insured retention (SIR) of $27,000 per occurrence and $81,000 in the aggregate. Claims in excess of the SIR are covered by the Authority and are reinsured through third party insurance carriers, up to coverage limits of $15 million for liability, $300,000 per vehicle and $650,000 per disaster for vehicle physical damage, and $253 million aggregate for property and crime coverage of buildings and personal property. The College made contributions during the years ended June 30, 2015 and 2014 to the Authority of approximately $316,000 and $307,000 respectively for insurance coverage.

Changes in the estimated liability for the year are as follows:

	2015	2014
Estimated liability, Beginning of Year	$ 10,772	$ 64,100
Estimated claims incurred including changes in estimates	(10,288)	(53,328)
Estimated liability, End of Year	$ 484	$ 10,772

Note 6 - Commitments, Contingencies and Capital Outlay

The College is involved in various legal proceedings which have arisen in the normal course of operations. Management does not believe that the ultimate resolution of these proceedings will have a material effect on the College's financial position.

Notes to Financial Statements

The College has entered into construction contracts and commitments totaling approximately $9,173,000 for the McDowell Center repurposing including the related voice-over IP, the Jeffress Center security enhancements as well as the Data Center, and the Virtualization and Network IT projects. As of June 30, 2015 the College had recorded expenditures relating to these projects totaling $5,377,000. The projects are expected to be completed at various points during the year ending June 30, 2016.

Note 7 - Property and Equipment

The following tables presents the changes in the various fixed asset class categories for the years ended June 30, 2015 and June 30, 2014:

Year ended June 30, 2015	Beginning Balance	Additions	Deletions	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Land	$ 1,831,228	$ -	$ -	$ 1,831,228	
Construction in Progress	18,908,664	8,434,537	(21,966,145)	5,377,056	
Total Nondepreciable Capital Assets	20,739,892	8,434,537	(21,966,145)	7,208,284	
Depreciable Capital Assets					
Land Improvements	10,989,283	3,124,489	-	14,113,772	10-30
Buildings and Improvements	105,650,563	17,947,494	(193,147)	123,404,910	10-40
Infrastructure	5,080,664	-	-	5,080,664	20
Furniture, Fixtures and Equipment	15,192,826	6,335,167	(256,572)	21,271,421	5-7
Total Depreciable Capital Assets	136,913,336	27,407,150	(449,719)	163,870,767	
Total Capital Assets	157,653,228	35,841,687	(22,415,864)	171,079,051	
Less Accumulated Depreciation					
Land Improvements	4,516,835	357,218	-	4,874,053	
Buildings and Improvments	33,974,812	2,518,604	(193,147)	36,300,269	
Infrastructure	2,336,914	228,864	-	2,565,778	
Furniture, Fixtures and Equipment	12,186,056	1,717,684	(239,120)	13,664,620	
Total Accumulated Depreciation	53,014,617	4,822,370	(432,267)	57,404,720	
Total Capital Assets, Net	$ 104,638,611	$ 31,019,317	$ (21,983,597)	$ 113,674,331	

Notes to Financial Statements

Year ended June 30, 2014	Beginning Balance	Additions	Deletions	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Land	$ 1,831,228	$ -	$ -	$ 1,831,228	
Construction in Progress	9,332,503	16,127,491	(6,551,330)	18,908,664	
Total Nondepreciable Capital Assets	11,163,731	16,127,491	(6,551,330)	20,739,892	
Depreciable Capital Assets					
Land Improvements	10,989,283	-	-	10,989,283	10-30
Buildings and Improvements	99,099,233	6,551,330	-	105,650,563	10-40
Infrastructure	5,080,664	-	-	5,080,664	20
Furniture, Fixtures and Equipment	14,534,085	844,671	(185,930)	15,192,826	5-7
Total Depreciable Capital Assets	129,703,265	7,396,001	(185,930)	136,913,336	
Total Capital Assets	140,866,996	23,523,492	(6,737,260)	157,653,228	
Less Accumulated Depreciation					
Land Improvements	4,211,692	305,143	-	4,516,835	
Buildings and Improvments	31,733,585	2,241,227	-	33,974,812	
Infrastructure	2,102,460	234,454	-	2,336,914	
Furniture, Fixtures and Equipment	11,097,448	1,264,118	(175,510)	12,186,056	
Total Accumulated Depreciation	49,145,185	4,044,942	(175,510)	53,014,617	
Total Capital Assets, Net	$ 91,721,811	$ 19,478,550	$ (6,561,750)	$ 104,638,611	

Equipment under capital lease (see Note 9) totaled $4,452,034 at June 30, 2015. Amortization of the equipment under capital lease totaled $344,954 for the year ended June 30, 2015. The amortization is included in the depreciation expense above. Accumulated amortization of the asset under capital lease is $344,954 at June 30, 2015.

Note 8 - Federal Loan Programs

The College participates in the U.S. Department of Education William D. Ford direct lending program and disbursed $12,280,196 and $13,825,240 for the years ended June 30, 2015 and 2014, respectively, for student loans. These distributions and related funding source are not included as expenses and revenue in the accompanying financial statements because they are considered agency transactions.

Note 9 - Long-Term Liabilities

Long-Term liability activity for the years ended June 30, 2015 and 2014 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Year ended June 30, 2015					
Accrued Severance Pay	797,387	90,021	58,223	829,185	-
Capital Lease Payable	-	5,064,460	612,426	4,452,034	920,725
Bonds Payable	17,203,521	-	1,007,544	16,195,978	1,037,545
Total Long Term Liabilities	$ 18,000,908	$ 5,154,481	$ 1,678,193	$ 21,477,197	$ 1,958,270
Year ended June 30, 2014					
Accrued Severance Pay	$ 725,765	$ 216,227	$ 144,605	$ 797,387	$ -
Bonds Payable	18,186,065	-	982,544	17,203,521	1,007,544
Total Long Term Liabilities	$ 18,911,830	$ 216,227	$ 1,127,149	$ 18,000,908	$ 1,007,544

Notes to Financial Statements

Accrued Severance Pay – The College provides termination benefits to certain employees upon departure from the College resulting from years of service under the vesting method. Under the vesting method, the liability is accrued for employees based on the amount eligible and certain assumptions used to determine probability of reaching the criteria required for eligibility.

Capital Lease Payable – During the year ended June 30, 2015, the College signed agreements with two vendors to upgrade the College's network through installation and implementation of hardware and software, which included desktop virtualization as well as network equipment enhancements campus-wide. The College then entered into a lease arrangement with a financial institution, which is classified as a capital lease. Ownership of the network equipment will eventually pass to the College after completion of the lease term or upon full payment by the College of all lease payable related to the project, whichever comes first. The financial institution has authorized a principal amount of $7,672,707. As of June 30, 2015, the College had drawn down $5,064,460 of the authorized principal. The primary equipment provider of the project offered the College a discount of $612,425, which was paid directly to the financial institution and reflected as a reduction of principal during the year ended June 30, 2015. As of June 30, 2015, the College's outstanding lease liability is $4,452,034. The remaining draws totaling $2,608,247 will occur during the following fiscal year. The capital lease is listed as a long-term liability and the related asset is listed as equipment. The College is required to meet certain financial covenants in accordance with the lease agreement. The interest rate is 2.4%. Interest expense related to the capital lease was $54,248 for the year ended June 30, 2015.

Under the lease agreement, the future minimum lease payments, including the draws to be incurred subsequent to year-end, are as follows:

Year Ending June 30	Payments
2016	$ 920,725
2017	1,150,906
2018	1,457,814
2019	1,918,177
2020	2,225,085
Total Payments	$ 7,672,707
Amount representing interest	(612,425)
Total	$ 7,060,282

Bonds Payable – During 2013, the College issued $18.0 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on March 27, 2013. The total amount of $16,195,978 including unamortized bond premium of $160,977, was outstanding as of June 30, 2015. The total amount of $17,203,521, including unamortized bond premium of $173,521, was outstanding as of June 30, 2014. Bond principal payments are due annually each May through maturity in fiscal year 2028. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 3.0%.

As of June 30, 2015 bond maturities are as follows:

Year	Principal	Interest	Total
2016	1,037,544	368,375	1,405,919
2017	1,072,544	347,875	1,420,419
2018	1,102,544	326,675	1,429,219
2019	1,132,544	304,875	1,437,419
2020	1,167,544	282,475	1,450,019
2021 - 2025	6,382,719	1,051,575	7,434,294
2026 - 2028	4,300,539	258,450	4,558,989
	$ 16,195,978	$ 2,940,300	$ 19,136,278

Capitalized Interest – Total capitalized interest related to the bonds was $546,284 and $222,393 as of June 30, 2015 and 2014, respectively.

Notes to Financial Statements

Note 10 - Schoolcraft College Foundation

Schoolcraft College Foundation (Foundation) is a separate legal entity established as a 501(c)3 not–for–profit corporation and governed by its own Board of Governors to accept, collect, hold and invest donations made for the promotion of educational and cultural activities. The College receives support from the Foundation whose bylaws require that the Foundation's net assets be used solely for the benefit of Schoolcraft College. During the years ended June 30, 2015 and 2014 the College and its students received support from the Foundation of approximately $599,000 and $559,000 respectively. The College provides supervisory and clerical staff and office space to the Foundation at no charge. One member of the College Board of Trustees, the College president and the College Executive Director of Development & Governmental Relations are ex-officio members of the Foundation Board of Governors.

The Foundation financial statements are prepared in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from those under GASB. No modifications have been made to the Foundation financial information included in the College's financial report to account for these differences.

Required Supplementary Information

Required Supplementary Information

Schedule of Pension Funding Progress:

	2014
College's proportion of the collective MPSERS net pension liability: As a percentage	0.41935%
Amount	$ 92,367,456
College's covered-employee payroll	$ 35,788,975
College's proportional share of the collective pension liability (amount), as a percentage of the College's covered-employee payroll	258.08913%
MPSERS fiduciary net position as a percentage of the total pension liability	66.18481%

Schedule of Contributions:

	2015
Statutorily required contribution	8,313,567
Contributions in relation to the actuarially determined contractually required contribution	8,313,567
Contribution deficiency (excess)	-
Covered employee payroll	$ 35,928,448
Contributions as a percentage of covered employee payroll	23.13923%

Other Supplementary Information

Consolidating Statement of Net Position

As of June 30, 2015 (With Comparative Totals for 2014)

	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Agency Fund	Combined Total 2015	Combined Total 2014
Assets									
Current Assets									
Cash and cash equivalents	$ 5,247,334	$ 2,779,295	$ -	$ -	$ -	$ 6,771,779	$ 24,467	$ 14,822,875	$ 20,561,191
Short-term investments	219,951	85,541	-	-	-	198,562	-	504,054	502,937
Property taxes receivable	500,446	-	-	-	-	-	-	500,446	263,328
State appropriation receivable	2,854,284	-	-	-	-	-	-	2,854,284	2,532,134
Accounts receivable	1,534,236	157,207	415,939	-	-	-	-	2,107,382	1,972,532
Accrued Interest Receivable	105,408	-	-	-	-	-	-	105,408	102,303
Federal and state grants receivable	-	-	-	1,220,293	-	-	-	1,220,293	479,275
Student loans receivable	-	-	-	-	16,250	-	-	16,250	16,050
Inventories	322,322	-	1,422,434	-	-	-	-	1,744,756	1,912,646
Prepaid expenses and other assets	894,762	-	-	-	-	-	-	894,762	732,349
Due from (to) other funds	1,457,536	-	(674,506)	(783,030)	-	-	-	-	-
Total Current Assets	13,136,279	3,022,043	1,163,867	437,263	16,250	6,970,341	24,467	24,770,510	29,074,745
Noncurrent Assets					-				
Restricted cash and investments	-	-	-	-	-	203,175	-	203,175	5,833,416
Long-term investments	9,791,505	3,830,235	-	-	-	8,890,932	-	22,512,672	20,070,713
Property and Equipment:									
Land and improvements	-	-	-	-	-	11,070,948	-	11,070,948	8,303,677
Infrastructure	-	-	-	-	-	2,514,885	-	2,514,885	2,743,749
Buildings and improvements	-	-	-	-	-	87,104,642	-	87,104,642	71,675,751
Equipment	-	-	-	-	-	7,606,802	-	7,606,802	3,006,772
Construction in progress	-	-	-	-	-	5,377,054	-	5,377,054	18,908,662
Total Property and Equipment	-	-	-	-	-	113,674,331	-	113,674,331	104,638,611
Total Assets	22,927,784	6,852,278	1,163,867	437,263	16,250	129,738,779	24,467	161,160,688	159,617,485

Consolidating Statement of Net Position (Continued)

As of June 30, 2015 (With Comparative Totals for 2014)

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Agency Fund	Combined Total 2015	Combined Total 2014
Liabilities									
Current Liabilities									
Current portion of debt obligations	$ -	$ -	$ -	$ -	-	$ 1,958,270	$ -	1,958,270	$ 1,007,544
Accounts payable	794,117	25,627	51,524	241,712	-	981,691	-	2,094,671	3,467,579
Accrued interest payable	-	-	-	-	-	110,219	-	110,219	59,215
Accrued payroll and other compensation	5,552,031	21,005	155,467	68,926	-	-	-	5,797,429	5,379,350
Deposits	-	-	-	-	-	-	24,467	24,467	52,324
Unearned revenue	3,856,562	236,916	-	-	-	-	-	4,093,478	4,202,530
Contingent liabilities	484	-	-	-	-	-	-	484	10,772
Total Current Liabilities	10,203,194	283,548	206,991	310,638	-	3,050,180	24,467	14,079,018	14,179,314
Noncurrent Liabilities									
Net pension liability	92,367,456							92,367,456	-
Long-term debt obligations	-	-	-	-	-	18,689,742	-	18,689,742	16,195,977
Accrued severance pay	829,185	-	-	-	-	-	-	829,185	797,387
Total Liabilities	103,399,835	283,548	206,991	310,638	-	21,739,922	24,467	125,965,401	31,172,678
Deferred Inflow of Resources	371,949	-	-	-	-	-	-	371,949	-
Net Position									
Net investment in capital assets	-	-	-	-	-	93,229,494	-	93,229,494	93,268,505
Restricted for									
Expendable restricted grants	-	-	-	126,625	-	-	-	126,625	127,243
Unrestricted	(80,844,000)	6,568,730	956,876	-	16,250	14,769,363	-	(58,532,781)	35,049,059
Total Net Position	$ (80,844,000)	$ 6,568,730	$ 956,876	$ 126,625	$ 16,250	$ 107,998,857	$ -	$ 34,823,338	$ 128,444,807

Consolidating Statement of Revenue, Expenses, Transfers and Changes in Net Position

For the Year Ended June 30, 2015 (With Comparative Totals for 2014)

	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Elimination	Combined Total 2015	Combined Total 2014
Revenue									
Operating Revenue									
Tuition and fees (Net of scholarship allowances of $13,274,034 in 2015 and $14,259,915 in 2014)	$ 39,386,823	$ 1,245,853	$ -	$ -	$ -	$ -	$ (13,274,034)	$ 27,358,642	$ 24,112,805
Federal grants and contracts	-	-	-	1,807,086	-	-	-	1,807,086	1,313,905
State and local grants and contracts	18,400	-	-	714,768	-	-	-	733,168	794,277
Nongovernmental grants	-	25,000	-	73,660	-	-	-	98,660	76,391
Auxiliary enterprises	-	-	9,082,891	-	-	-	(1,109,414)	7,973,477	8,647,879
Indirect cost recoveries	130,591	-	-	-	-	-	(130,591)	-	-
Gain on disposal of assets	-	-	-	-		28,130	-	28,130	14,623
Miscellaneous	734,721	2,671,694	20,392	100,948	200	7,168	(148,583)	3,386,540	2,918,798
Total Operating Revenue	40,270,535	3,942,547	9,103,283	2,696,462	200	35,298	(14,662,622)	41,385,703	37,878,678
Expenses									
Operating Expenses									
Instruction	33,474,553	529,311	-	646,328	-	-	(380,576)	34,269,616	32,578,521
Public services	1,098,795	1,411,270	-	704,554	-	-	(1,074,352)	2,140,267	1,902,375
Instructional support	11,541,516	203,726	-	714,672	-	-	(129,652)	12,330,262	12,007,329
Student services	11,807,992	1,101,888	9,353,389	16,957,449	-	-	(13,447,490)	25,773,228	24,803,425
Institutional administration	9,382,688	35,629	-	-	-	-	(94,715)	9,323,602	10,157,451
Operation and maintenance of plant	9,166,186	67,708	-	-	-	82,438	464,163	9,780,495	10,727,095
Depreciation expense	-	-	-	-	-	4,822,371	-	4,822,371	4,044,942
Total Operating Expenses	76,471,730	3,349,532	9,353,389	19,023,003	-	4,904,809	(14,662,622)	98,439,841	96,221,138
Operating Income (Loss)	(36,201,195)	593,015	(250,106)	(16,326,541)	200	(4,869,511)	-	(57,054,138)	(58,342,460)

Consolidating Statement of Revenue, Expenses, Transfers and Changes in Net Position (Continued)

For the Year Ended June 30, 2015 (With Comparative Totals for 2014)

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Elimination	Combined Total 2015	Combined Total 2014
Nonoperating Revenue and (Expenses)									
State appropriations	$ 15,804,127	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,804,127	$ 14,064,425
Property tax levy	22,686,332	-	-	-	-	-	-	22,686,332	22,106,576
Interest income	300,783	-	-	-	-	193,284	-	494,067	520,402
Interest expense	-	-	-	-	-	(54,248)	-	(54,248)	-
Unrealized gain (loss) on investments	332,799	-	-	-	-	232,064	-	564,863	(3,483)
Pell Grants	-	-	-	16,130,242	-	-	-	16,130,242	17,655,030
Net Nonoperating Revenue	39,124,041	-	-	16,130,242	-	371,100	-	55,625,383	54,342,950
Income (Loss) Before Other Revenue and Expenses	2,922,846	593,015	(250,106)	(196,299)	200	(4,498,411)	-	(1,428,755)	(3,999,510)
Other Revenue									
Capital gifts and grants	-	-	-	-	-	883,500	-	883,500	872,000
Total Other Revenue	-	-	-	-	-	883,500	-	883,500	872,000
Increase (Decrease) in Net Position	2,922,846	593,015	(250,106)	(196,299)	200	(3,614,911)	-	(545,255)	(3,127,510)
Transfers In (Out)	(2,564,391)	517,164	(691,729)	195,681	-	2,543,275	-	-	-
Net Increase (Decrease) in Net Position	358,455	1,110,179	(941,835)	(618)	200	(1,071,636)	-	(545,255)	(3,127,510)
Net Position - Beginning of Year	11,873,759	5,458,551	1,898,711	127,243	16,050	109,070,493	-	128,444,807	131,572,317
Adjustment for change in accounting principle	(93,076,214)	-	-	-	-	-	-	(93,076,214)	-
Net Position - Beginning of Year, As Restated	(81,202,455)	5,458,551	1,898,711	127,243	16,050	109,070,493	-	35,368,593	131,572,317
Net Position - End of Year	$ (80,844,000)	$ 6,568,730	$ 956,876	$ 126,625	$ 16,250	$ 107,998,857	$ -	$ 34,823,338	$ 128,444,807