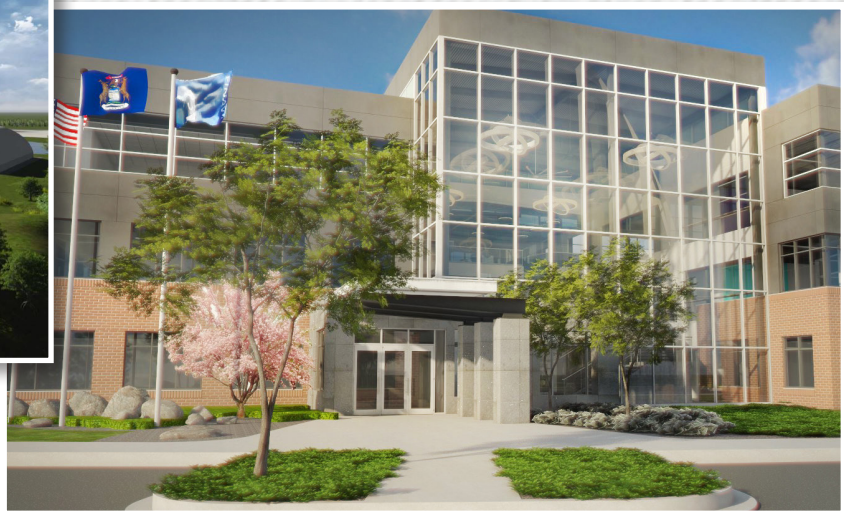
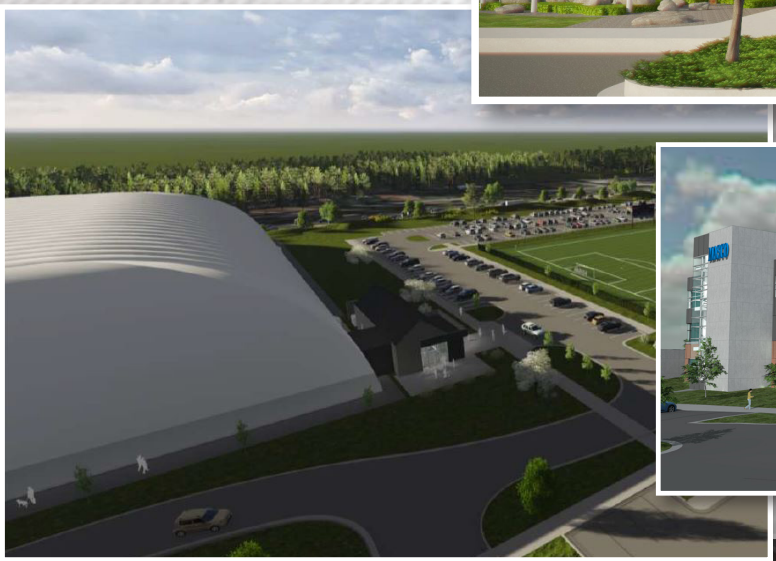
Schoolcraft College





ANNUAL REPORT
June 30, 2016

On the Cover
During 2016, the College formed two new entities, SC Development Unit 14, Inc. and SC Sports Dome Inc., in an effort to generate additional revenue streams for the College as well as enhance the student experience and provide for community health and fitness activities.

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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 the aggregate of its discretely presented component units, as of and for the years ended June 30, 2016 and 2015, 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 units were 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Schoolcraft College and the aggregate of its discretely presented component units as of June 30, 2016 and 2015, 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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the College's proportionate share of net pension liability, and schedule of college 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other 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 September 21, 2016 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

September 21, 2016

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, 2016 and 2015 and its financial activities for the three years ended June 30, 2016. 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 Development Authority, Inc., SC Development Unit 14, Inc., SC Sports Dome, Inc. (collectively, the "Development Component Units"), and the Schoolcraft College Foundation as component units in the financial statements. The Development Component Units statement of net position and statement of revenue, expenses, and changes in net position have been discretely presented on the face of the College 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 Net Position reports the College's financial position for the three years ended June 30, 2016. The Statement of Revenues, Expenses, and Changes in Net Position reports the change in net position for the three years ended June 30, 2016. The College's financial position deteriorated during the years ended June 30, 2016 and 2015 with net position decreasing by $6.2 million and $0.5 million (before adjustment for the change in accounting principle), respectively. The decrease in 2016 is primarily due to decreases in enrollment combined with a modest increase in salaries and wages offset by increases in tuition and fees rates. Operation and maintenance of plant expenditures increased due to more square footage added to the campus over the last few fiscal years. Additionally, depreciation and interest expense also increased due to projects fully capitalized in 2015 and therefore depreciated for a full year in 2016. Finally, the effects of GASB 68, as fully explained in Note 3 of the financial statements resulted in a decrease in net position of $1.5 million. The decrease in 2015 is primarily due to decreases in enrollment combined with a modest increase in salaries and wages and an increase in retirement and health care costs.

Following is a summary of the major components of the financial position of the College as of June 30, 2016, 2015 and 2014, in millions:

Management's Discussion & Analysis - Unaudited

Financial Position (in millions)

	2016	2015	2014
Current assets	$ 24.9	$ 24.8	$ 29.1
Non-current assets			
Other	28.0	22.7	25.9
Capital assets	117.2	113.7	104.6
Total assets	170.1	161.2	159.6
Deferred outflow of resources	11.7	9.8	-
Current liabilities	19.2	13.9	14.2
Long-term liabilities	130.6	112.1	17.0
Total liabilities	149.8	126.0	31.2
Deferred inflow of resources	3.3	10.2	-
Net position			
Net investment in capital assets	95.6	93.2	93.3
Restricted	0.1	0.1	0.1
Unrestricted	(67.0)	(58.5)	35.0
Total net position	$ 28.7	$ 34.8	$ 128.4

During the year end June 30, 2016 total assets increased by $8.9 million and total liabilities increased by $23.9 million. The primary changes in assets include decreases in unrestricted cash and investments of $1.3 million due to operations, an increase in restricted cash and investments of $8.0 million due to the issuance of bonds, major capital expenditures and the resulting increase in capital assets of $3.5 million, and a decrease in federal grants receivable of $689,000. The primary changes in liabilities include an increase in accounts payable of $3.1 million due to timing of construction projects ongoing near year-end, an increase in both short and long-term debt obligations due to the 2016 bond issue as well as financing secured for IT projects, both approved by the board of trustees, and totaling $8.9 million, and an increase in net pension liability of $10.2 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.

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. During the year end June 30, 2016 deferred outflows increased by $1.8 million. The primary changes in deferred outflows was a decrease of $883,000 due to changes in actuarial assumptions, an increase of $524,000 due to differences between projected and actual earnings on pension plan assets, and an increase of $1.9 million in College contributions subsequent to the measurement date of September 30, 2015.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. During the year end June 30, 2016 deferred inflows decreased by $6.9 million. The primary changes in deferred inflows was an increase in state aid revenue for Section 147c allocation of $3.0 million and a decrease of $10.2 million due to differences between projected and actual earnings on pension plan assets.

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

Management's Discussion & Analysis - Unaudited

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.

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

	2016	2015	2014
Operating revenues			
Tuition and fees (net of scholarship allowance)	$ 29.4	$ 27.4	$ 24.1
Federal grants and contracts	1.7	1.8	1.3
State and other grants and contracts	0.7	0.8	0.9
Sales and services of auxiliary activities	7.5	8.0	8.6
Gain on disposal of assets	0.1	0.1	0.1
Miscellaneous	4.5	3.3	2.9
Total operating revenue	43.9	41.4	37.9
Operating expenses			
Instruction	35.4	34.3	32.6
Public services	2.2	2.1	1.9
Instructional support	13.1	12.3	12.0
Student services	25.6	25.8	24.8
Institutional administration	9.1	9.3	10.2
Operation and maintenance of plant	11.2	9.8	10.7
Depreciation	5.8	4.8	4.0
Total operating expenses	102.4	98.4	96.2
Net operating loss	(58.5)	(57.0)	(58.3)
Nonoperating revenues and (expenses)			
State appropriations	14.1	15.8	14.0
Property taxes	23.3	22.7	22.1
Pell grants	14.0	16.1	17.6
Other nonoperating revenues and (expenses) - net	1.2	1.0	0.5
Net nonoperating revenues	52.6	55.6	54.2
Other revenues			
Transfers between College and Development Component Units	(0.2)	0.9	0.9
Net decrease in net position	(6.1)	(0.5)	(3.2)
Net position, beginning of year	34.8	128.4	131.6
Adjustment for change in accounting principle	-	(93.1)	-
Net position, beginning of year, as restated	34.8	35.3	131.6
Net position, end of year	$ 28.7	$ 34.8	$ 128.4

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.

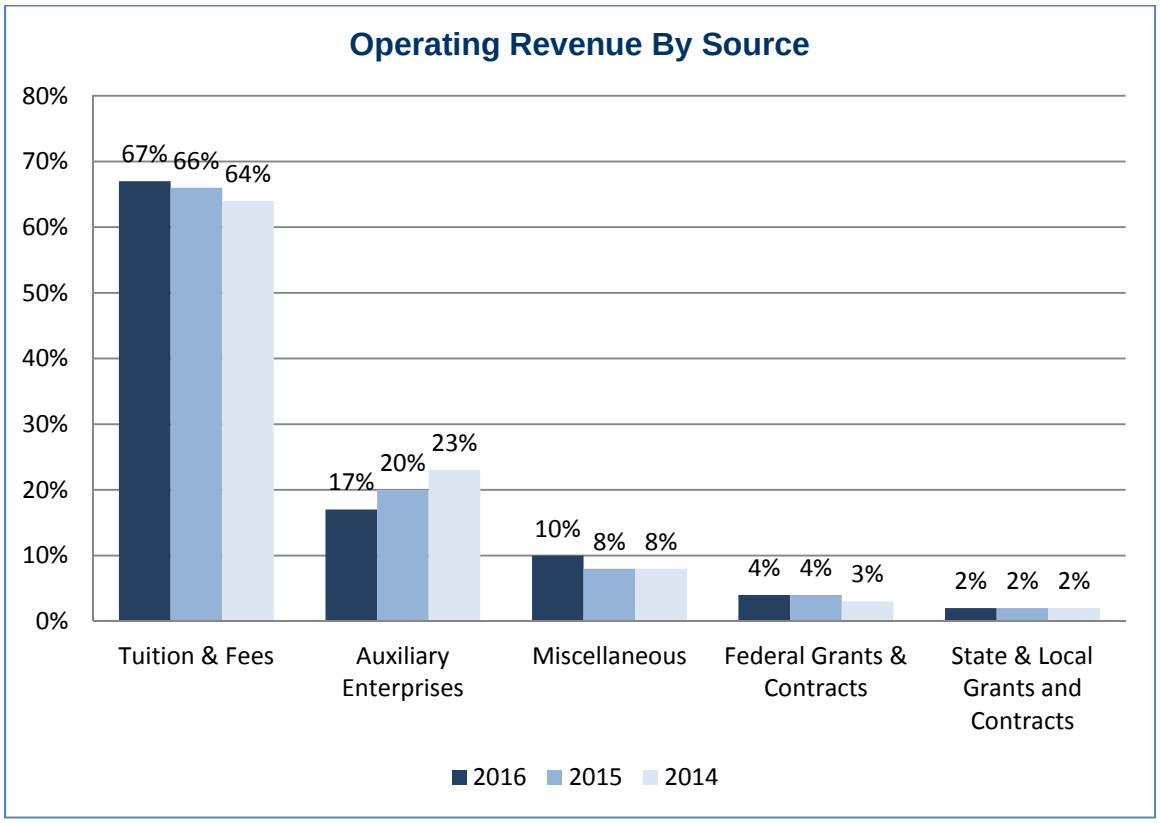
Operating revenue changes were the result of the following for the year ended June 30, 2016:

- Student tuition and fee revenue increased $2.0 million due to tuition and fee increases and a slight decrease in Pell grants covering the cost of attendance. Actual tuition and fee revenue before scholarship allowances increased $186,000 or 0.46% due to tuition and fee increases coupled with an enrollment decrease of 2.5%. Auxiliary enterprises revenue decreased by $471,000 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, 2015:

- Student tuition and fee revenue increased $3.2 million due to tuition and fee increases and 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.

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.

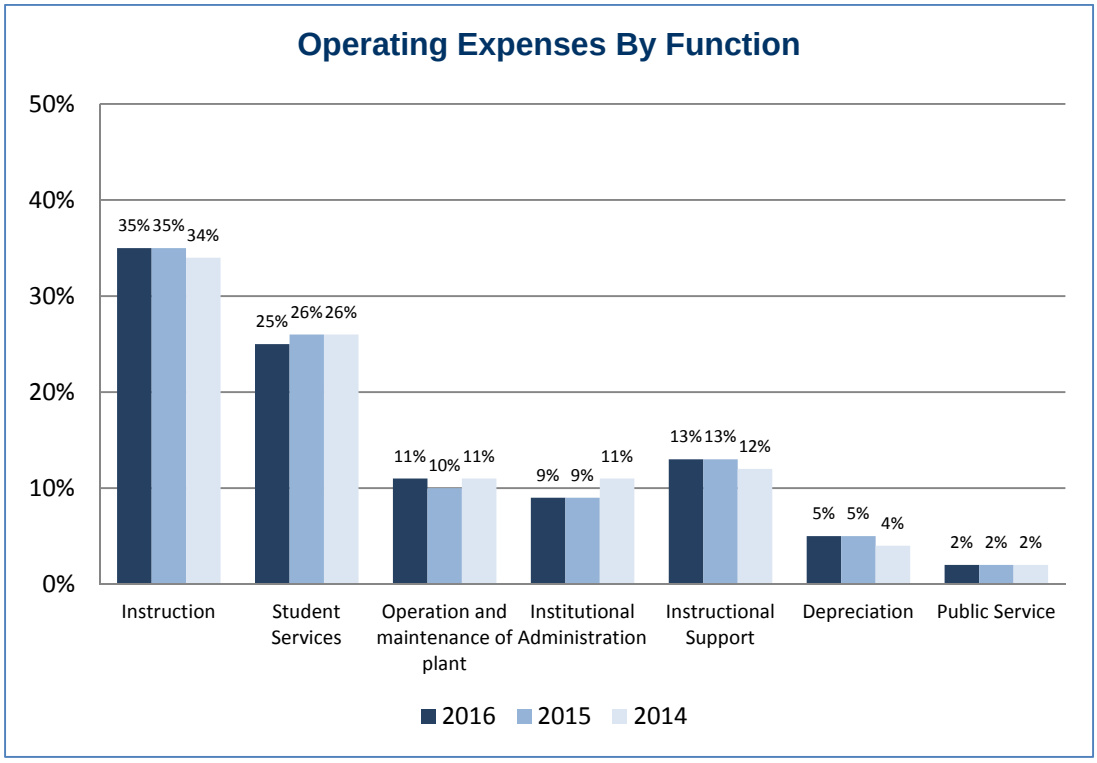
Operating expense changes were the result of the following for the year ended June 30, 2016:

- Operating expenses overall increased 4.01%. Average salary and benefit packages increased moderately due to increases in health care insurance and retirement payments.
- Instruction and instructional support increased 3.93% primarily due to salary and benefit increases.
- Institutional administration decreased 2.0% due to the reduced headcounts.
- Operation and maintenance of plant increased 15.41% due to the write off of the data center of $544,000, combined with the increase in square footage of the campus due to various construction projects over the last three fiscal years.

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.

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



Management's Discussion & Analysis - Unaudited

Non-Operating Revenues and Expenses

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, 2016:

- State appropriations decreased by $1.7 million. This is primarily due to an increase of $1.09 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 (25.78%) and the actual unfunded actuarial accrued liability contribution rate pursuant to MPSERS reform legislation, combined with a decrease of $2.97 million due to deferring this revenue to 2017 pursuant to GASB 68.
- Property taxes increased by $610,000 due to slight increases in property tax values.
- Interest expense increased by $503,000 due to capital projects associated with the debt financing being capitalized in 2015, hence interest expense being recognized as expense versus being capitalized in 2015.
- Unrealized gains on investments increased by $679,000 as there were moderate decreases in interest rates compared to 2015.
- Pell grant awards decreased by $2.2 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, 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 (25.78%) 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.

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, 2016:

- The College received $24,500 less in payments from the Schoolcraft Development Authority.
- The College transferred $1.1 million to the Development Component Units to fund capital contributions for legal expenses and road and infrastructure improvements.

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.

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

Management's Discussion & Analysis - Unaudited

The College's cash and cash equivalent position increased by $9.8 million at June 30, 2016, primarily due to moving $4.7 million from government bonds into cash and making investments in construction and facilities improvements of $7.2 million offset by the proceeds of $8.0 million in restricted cash and investments from the 2016 bond issuance.

Statement of Cash Flows (in millions)

	2016	2015	2014
Cash provided (used) by:			
Operating activities	$ (47.9)	$ (54.6)	$ (52.3)
Noncapital financing activities	54.6	53.7	54.5
Capital and related financing activities	(1.6)	(9.5)	(17.1)
Investing activities	4.7	4.2	4.9
Net increase (decrease) in cash and equivalents	9.8	(6.2)	(10.0)
Cash and equivalents - beginning of year	14.8	21.0	31.0
Cash and equivalents - end of year	$ 24.6	$ 14.8	$ 21.0

Capital Assets and Debt Administration:

Capital Assets

The College had $117.2 million and $113.7 million invested in capital assets, net of accumulated depreciation of $62.4 million and $57.4 million at June 30, 2016 and 2015, respectively. Depreciation charges totaled $5.8 and $4.8 million, respectively, for the years then ended.

	2016	2015	2014
Land and land improvements	$ 10.7	$ 11.1	$ 8.3
Buildings and improvements	90.3	87.1	71.7
Equipment	9.1	7.6	3.0
Infrastructure	2.3	2.5	2.7
Construction in progress	4.8	5.4	18.9
	$ 117.2	$ 113.7	$ 104.6

Major capital additions this year include:

	Source of Funds:		
Projects completed this year:	Bond Proceeds	Operating Funds	Total
Jeffress Center improvements	$ -	$ 239,157	$ 239,157
McDowell Center repurposing	-	833,097	833,097
Jeffress Center security & technology upgrades	-	117,686	117,686
McDowell Center security & technology upgrades	-	60,597	60,597
Projects started this year or last year:			
Brewery	-	854,416	854,416
Welding lab	-	156,541	156,541
Plastics lab		10,804	10,804
Ring Road Phase II	828,846	-	828,846
McDowell Center & Applied Science generators	609,852	-	609,852
South parking lot extension	1,193,290	-	1,193,290
Sitework & Infrastructure South campus	1,003,629	131,447	1,135,076
Total major additions	$ 3,635,617	$ 2,403,745	$ 6,039,362

Management's Discussion & Analysis - Unaudited

The College has entered into construction contracts and commitments totaling approximately $9,397,000 for the Brewery being constructed in the VistaTech Center, the Welding Lab and Plastics Lab both being constructed in the Applied Sciences Building, Phase II of the North Ring Road, McDowell Center & Applied Sciences Building generators, the South Parking Lot extension, and site-work and infrastructure improvements to South Campus. As of June 30, 2016 the College had incurred $4,789,000 relating to these projects. The projects are expected to be completed at various points during the year ending June 30, 2017. The remaining commitments total $4,608,000 which will be funded by remaining bond proceeds.

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 $23.3 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, as well as from the issuance of $8.0 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 23, 2016. Bond principal payments are due annually each May through maturity in fiscal year 2031. 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 2016 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 $6.3 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.

Component Units

During 2016, the College formed two new component unit entities, SC Development Unit 14, Inc. and SC Sports Dome, Inc. Both entities were established as 501(c)(3) charitable, non-profit organizations in an effort to generate additional revenue streams for the College.

SC Development Unit 14, Inc. was formed to partner with an outside developer to develop College owned land, specifically Unit 14. The main purpose of the resulting partnership, Seven Delta, LLC, which was formed as a Michigan limited liability company, is to construct and subsequently lease a building to a Fortune 500 company to generate additional revenue for the charitable and educational purposes that support the College.

SC Sports Dome, Inc. was formed to partner with an outside developer to develop College owned land, specifically Unit 15. The main purpose of the resulting partnership, SC College Dome LLC, which was also formed as a Michigan limited liability company, is to build the College Soccer Dome to help bolster enrollment and generate additional revenue for the charitable and educational purposes that support the College.

Management's Discussion & Analysis - Unaudited

Economic Factors Which Will Affect the Future

In 2016/17 the College anticipates receiving State appropriation funding of $12.9 million for operations, which is only slightly above the amount received from the State in 2001/02 of $12.7 million. State equalized value and taxable values have increased slightly in the College district along with new construction. Property tax revenue for 2016/2017 will increase by approximately 3% and is estimated to continue increasing at a modest rate for 2017/2018. 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 6.35%, effective with the fall 2016 term, and enrollment for the fall semester compared to last year is projected to decrease 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 24.94% for 2016/17 until further legislation is enacted. Under these rates, this represents a cumulative increase from 2005/06 of approximately 53%. During that same period of time, the cumulative CPI for the United States increased 23.93%. If MPSERS had limited increases to the CPI figures over that period, the current actual rate would be 20.25%. Schoolcraft's recurring revenue streams are relegated to increase tied to the CPI rate. Contributions to MPSERS using the adjusted CPI figure of 20.25% would net the college a recurring savings of approximately $1.8 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 $24.4 billion and $11.2 billion, respectively.

GASB pronouncement number 68 addresses the accounting and financial reporting of the unfunded pension liability and was effective for the College's year ending June 30, 2015. The College's portion of the unfunded pension liability is approximately $102.6 million and $92.4 million as of June 30, 2016 and 2015, respectively. 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 $47.0 million as of June 30, 2016.

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.

Statement of Net Position

	College As of June 30		Development Component Units As of June 30	
	2016	2015	2016	2015
Assets				
Current Assets				
Cash and cash equivalents - Note 2	$ 16,583,611	$ 14,822,875	$ 170,337	$ 4,569
Short-Term investments - Note 2	-	504,054	-	-
Property taxes receivable, net of allowance for doubtful			-	-
accounts of $76,600 in 2016 and $40,400 in 2015	357,706	500,446	-	-
State appropriation receivable	3,087,491	2,854,284	-	-
Accounts receivable, net of allowance for doubtful			-	-
accounts of $1,279,386 in 2016 and $1,385,384 in 2015	1,594,910	2,107,382	210,328	220,354
Accrued interest receivable	57,356	105,408	-	-
Federal and state grants receivable	530,976	1,220,293	-	-
Student loans receivable, net of allowance for doubtful			-	-
accounts of $0 in both 2016 and 2015	16,250	16,250	-	-
Inventories	1,867,205	1,744,756	-	-
Prepaid expenses and other assets	669,974	894,762	-	-
Deposits	170,099	-	-	-
Total Current Assets	24,935,578	24,770,510	380,665	224,923
Noncurrent Assets				
Restricted cash and investments - Note 1	8,045,718	203,175	16,628,794	-
Long-term investments - Note 2	19,963,070	22,512,672	2,465,422	-
Property and equipment - Note 7	117,170,565	113,674,331	9,693,927	-
Total Assets	170,114,931	161,160,688	29,168,808	224,923
Deferred Outflows of Resources - Note 3	11,687,016	9,841,409	-	-
Liabilities				
Current Liabilities				
Current portion of debt obligations - Note 9	2,582,887	1,784,305	-	-
Accounts payable	5,185,705	2,094,671	1,867,122	-
Accrued interest payable	161,546	110,219	55,229	-
Accrued payroll and other compensation	6,552,006	5,797,429	-	-
Deposits	266,024	24,467	-	-
Unearned revenue	4,417,648	4,093,478	2,489,116	220,354
Contingent liabilities - Note 5	-	484	-	-
Total Current Liabilities	19,165,816	13,905,053	4,411,467	220,354
Noncurrent Liabilities				
Net pension liability - Note 3	102,572,130	92,367,456	-	-
Long-term debt obligations - Note 9	27,008,269	18,863,707	23,401,202	-
Accrued severance pay - Note 9	1,091,844	829,185	-	-
Total Liabilities	149,838,059	125,965,401	27,812,669	220,354
Deferred Inflows of Resources - Note 3	3,310,138	10,213,358	-	-
Net Position				
Net investment in capital assets	95,625,127	93,229,494	1,121,774	-
Restricted for:				
Expendable restricted grants	77,415	126,625	-	-
Nonexpendable Minority interest	-	-	943,976	-
Unrestricted	(67,048,792)	(58,532,781)	(709,611)	4,569
Total Net Position	$ 28,653,750	$ 34,823,338	$ 1,356,139	$ 4,569

The accompanying notes are an integral part of these statements.

Schoolcraft College Foundation Statement of Net Assets

	As of June 30	
	2016	2015
Assets		
Cash and cash equivalents	$ 60,601	$ 22,730
Marketable securities	13,203,042	14,114,167
Assets held under charitable remainder unitrust agreement	90,206	97,518
Accounts receivable	-	4,230
Contributions receivable - net	11,737	26,690
Beneficial interest in remainder trusts	14,797	64,511
Cash surrender value - life insurance policy	13,784	11,524
Prepaid expenses	10,618	2,279
Total Assets	$ 13,404,785	$ 14,343,649
Liabilities And Net Assets		
Liabilities		
Payable to Schoolcraft College	$ 54,194	$ 47,324
Other liabilities	15,866	28,461
Liability under charitable remainder unitrust and gift annuity agreements	51,304	63,055
Total Liabilities	121,364	138,840
Net Assets		
Unrestricted		
Board designated	2,957,072	3,238,472
Undesignated	806,455	672,432
Temporarily restricted	2,178,474	3,069,902
Permanently restricted	7,341,420	7,224,003
Total Net Assets	13,283,421	14,204,809
Total Liabilities And Net Assets	$ 13,404,785	$ 14,343,649

The accompanying notes are an integral part of these statements.

Statement of Revenue, Expenses and Changes in Net Position

	College Years Ended June 30		Development Component Units Years Ended June 30	
	2016	2015	2016	2015
Operating Revenue				
Tuition and fees (Net of scholarship allowances of $11,433,600 in 2016 and $13,274,034 in 2015)	$ 29,385,110	$ 27,358,642	$ -	$ -
Federal grants and contracts	1,731,868	1,807,086	-	-
State and local grants and contracts	657,428	733,168	-	-
Nongovernmental grants	73,833	98,660	-	-
Auxiliary enterprises	7,502,518	7,973,477	-	-
Gain on disposal of assets	11,674	28,130	-	-
Miscellaneous	4,519,586	3,386,540	980,805	887,001
Total Operating Revenue	43,882,017	41,385,703	980,805	887,001
Operating Expenses				
Instruction	35,361,074	34,269,616	-	-
Public service	2,168,768	2,140,267	-	-
Instructional support	13,069,733	12,330,262	-	-
Student services	25,593,484	25,773,228	-	-
Institutional administration	9,137,151	9,323,602	-	-
Operation and maintenance of plant	11,288,045	9,780,495	-	-
Depreciation	5,765,384	4,822,371	-	-
Other expenditures	-	-	2,175,584	3,798
Total Operating Expenses	102,383,639	98,439,841	2,175,584	3,798
Operating (Loss) Income	(58,501,622)	(57,054,138)	(1,194,779)	883,203
Nonoperating Revenue and (Expenses)				
State appropriations	14,118,950	15,804,127	-	-
Property tax levy	23,296,021	22,686,332	-	-
Interest income	521,103	494,067	18,036	39
Interest expense	(557,230)	(54,248)	-	-
Unrealized gain on investments	1,243,968	564,863	240,324	-
Pell grants	13,979,373	16,130,242	-	-
Net Nonoperating Revenue	52,602,185	55,625,383	258,360	39
(Loss) Gain Before Other Revenue	(5,899,437)	(1,428,755)	(936,419)	883,242
Other Revenue and (Expenses)				
Transfers between College and component units	(270,151)	883,500	270,151	(883,500)
Minority interest contributions	-	-	2,017,838	-
Total Other Revenue and (Expenses)	(270,151)	883,500	2,287,989	(883,500)
(Decrease) Increase in Net Position	(6,169,588)	(545,255)	1,351,570	(258)
Net Position				
Net Position - Beginning of Year	34,823,338	128,444,807	4,569	4,827
Adjustment for change in accounting principle - Note 1	-	(93,076,214)	-	-
Net Position - Beginning of Year, As Restated	34,823,338	35,368,593	4,569	4,827
Net Position - End of Year	$ 28,653,750	$ 34,823,338	$ 1,356,139	$ 4,569

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	
	2016	2015
Revenue		
Gifts and contributions	$ 351,972	$ 477,009
Fund-raising events	158,423	147,760
Investment income	525,639	587,682
Decrease in value of beneficial interest in remainder trusts	(4,310)	-
Change in cash surrender value of life insurance policy	2,260	987
Realized and unrealized losses on investments	(942,372)	(973,804)
Decrease in actuarial value of charitable remainder unitrust agreement	(1,967)	(2,990)
Donated administrative support	606,337	594,820
Total Revenue	695,982	831,464
Expenses		
Scholarships	502,720	363,451
Other College support	217,518	235,454
Fund-raising expenses	44,291	44,503
Donated administrative expenses	606,337	594,820
Administrative expenses	246,504	229,927
Total Expenses	1,617,370	1,468,155
Decrease in Net Assets	(921,388)	(636,691)
Net Assets - Beginning of Year	14,204,809	14,841,500
Net Assets - End of Year	$ 13,283,421	$ 14,204,809

The accompanying notes are an integral part of these statements.

Statement of Cash Flows

	Years Ended June 30	
	2016	2015
Cash Flows From Operating Activities		
Tuition and fees	$ 30,232,059	$ 27,086,883
Grants and contracts	3,130,548	1,897,896
Payments to suppliers	(46,832,887)	(49,433,562)
Payments to employees	(46,478,699)	(45,556,198)
Auxiliary enterprise charges	7,502,518	7,973,477
Other	4,531,260	3,414,670
Net Cash Used For Operating Activities	(47,915,201)	(54,616,834)
Cash Flows From Noncapital Financing Activities		
Local property taxes	23,438,761	22,449,914
Pell grants	14,316,173	15,789,891
William D. Ford Direct Lending receipts	10,401,737	12,277,500
William D. Ford Direct Lending disbursements	(10,404,968)	(12,280,196)
State appropriations	16,854,577	15,481,977
Net Cash Provided by Noncapital Financing Activities	54,606,280	53,719,086
Cash Flows From Capital And Related Financing Activities		
Purchase of capital assets	(7,215,907)	(9,423,510)
Principal paid on capital debt	(1,025,000)	(995,000)
Interest paid on capital debt	(333,643)	-
Proceeds from issuance of debt	8,120,036	-
Capital lease principal payments	(746,760)	-
Interest paid on capital lease	(173,965)	-
Net transfers (to) from component units	(270,151)	883,500
Net Cash Used For Capital and Related Financing Activities	(1,645,390)	(9,535,010)
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investment	16,568,599	6,421,611
Interest on investments	569,155	490,962
Purchase of investments	(12,394,149)	(2,674,343)
Net Cash Provided By Investing Activities	4,743,605	4,238,230
Net Increase (Decrease) In Cash And Cash Equivalents	9,789,294	(6,194,528)
Cash And Cash Equivalents - Beginning Of Year	14,840,035	21,034,563
Cash And Cash Equivalents - End Of Year	$ 24,629,329	$ 14,840,035

The accompanying notes are an integral part of these statements.

Statement of Cash Flows (continued)

	Years Ended June 30	
	2016	2015
Statement of Net Position Classifications Of Cash And Cash Equivalents		
Cash and cash equivalents	$ 16,583,611	$ 14,822,875
Restricted cash and cash equivalents	8,045,718	17,160
Total Cash And Cash Equivalents	$ 24,629,329	$ 14,840,035
Reconciliation Of Net Loss To Net Cash Used For Operating Activities:		
Operating loss	$ (58,501,622)	$ (57,054,138)
Adjustment to reconcile operating loss to net cash used for operating activities:		
Depreciation	5,765,384	4,822,371
Gain on disposal of assets	(11,674)	(28,130)
(Increase) decrease in assets and deferred outflows:		
Accounts receivable, net	512,472	(134,850)
Federal and state grant receivable	689,317	(741,018)
Student loans receivable	-	(200)
Inventories	(122,449)	167,890
Prepaid assets and other current assets	224,788	(162,413)
Deposits	(170,099)	-
Deferred outflows of assets	(1,845,607)	(9,841,409)
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable	3,034,281	(1,503,221)
Accrued interest payable	51,327	51,004
Accrued payroll and other compensation	1,298,162	418,079
Accrued severance pay	262,659	31,798
Deposits	241,557	(27,857)
Unearned revenue	324,170	(109,052)
Contingent liabilities	(484)	(10,288)
Deferred inflows of assets	(9,872,057)	10,213,358
Net pension liability	10,204,674	(708,758)
Net Cash Used For Operating Activities	$ (47,915,201)	$ (54,616,834)

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.

The College has four affiliated organizations, collectively referred to as "Component Units", that were evaluated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, which the College adopted on July 1, 2012. Each organization is described below, with additional information provided regarding the impact to the College's financial statements and accompanying condensed financial statements.

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) because its sole purpose is to provide support to the College and its students. Disclosures related to the Foundation that are immaterial compared to the College as a whole are not included in the financial statements of the College as separate audited financial statements of the Foundation are available by contacting the Schoolcraft College Foundation, 18600 Haggerty Rd, Livonia, Michigan 48152-2696.

Schoolcraft Development Authority, Inc. (SDA) is a Michigan nonprofit organization established by the College in March 1986 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 62 acres of land to the SDA under a lease for approximately 17 acres that expires in 2061 and a lease for approximately 45 acres that expires in 2080. The leases require annual payments of $1 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. The College has operational responsibility for the SDA. In accordance with GASB Statement No. 61, the SDA is reported as a discrete component unit. Separate financial statements of the SDA are available by contacting the Schoolcraft Development Authority, Inc., 18600 Haggerty Rd, Livonia, Michigan 48152-2696.

SC Development Unit 14, Inc. (SCDU 14) is a Michigan nonprofit organization established by the College in September 2015 to lease land, specifically Unit 14, from the College to be subleased to Seven Delta, LLC (7 Delta). In accordance with GASB Statement No. 61, SCDU 14 is reported as a discrete component unit because the College has operational responsibility for SCDU 14. SCDU 14 is the sole member of SD Member LLC (SDM), a Michigan limited liability company, which was formed in December 2015 to oversee and partner with an outside developer. 7 Delta is a Michigan limited liability company formed in December 2015 whose main purpose is to construct and subsequently lease a building constructed on College land. SDM holds a 51% voting interest and 50% interest in income in 7 Delta, with the outside developer holding a 49% voting interest and 50% interest in income. In accordance with GASB Statement No. 61, SDM is a component unit of SCDU 14 and 7 Delta is a component unit of SDM because each entity has a voting majority and there is a financial benefit and burden relationship. SDM and 7 Delta are blended with SCDU 14 for purposes of the College's financial statements.

SC Sports Dome, Inc. (SCSD) is a Michigan nonprofit organization established by the College in December 2015 to lease land, specifically Unit 15, from the College to be subleased to SC College Dome, LLC (SCCD) as well as to oversee and partner with an outside developer to build the Soccer Dome on Unit 15. In accordance with GASB Statement No. 61, SCSD is reported as a discrete component unit of the College because the College has operational responsibility for SCSD. SCCD is a Michigan limited liability company formed in June 2016 whose main purpose is to construct and subsequently lease the Soccer Dome facility to the College. SCSD holds a 51% voting interest in SCCD, with the outside developer holding a 49% voting interest. Income will be distributed in accordance with SCCD's operating agreement. In accordance with GASB Statement No. 61, SCCD is a component unit of SCSD because SCSD has a voting majority and there is a financial benefit and burden relationship. SCCD is blended with SCSD for purposes of the College's financial statements.

Notes to Financial Statements

Financial statements for the SDA, SCDU 14, and SCSD (collectively referred to as "Development Component Units") as of and for the years ended June 30, 2016 and 2015 follow:

	Condensed Statement of Net Position			
	Schoolcraft Development Authority	SC Development Unit 14, Inc.	SC Sports Dome, Inc.	Combined Total
	2016	2016	2016	2016
Assets				
Current Assets	$ 230,921	$ 149,744	$ -	$ 380,665
Noncurrent Assets	-	27,251,237	1,536,906	28,788,143
Total Assets	230,921	27,400,981	1,536,906	29,168,808
Liabilities				
Current Liabilities	2,489,116	1,646,652	275,699	4,411,467
Noncurrent Liabilities	-	23,401,202	-	23,401,202
Total Liabilities	2,489,116	25,047,854	275,699	27,812,669
Net Position				
Net investment in capital assets	-	1,121,774	-	1,121,774
Restricted for				
Nonexpendable Minority interest	-	(317,231)	1,261,207	943,976
Unrestricted	(2,258,195)	1,548,584	-	(709,611)
Total Net Position	$ (2,258,195)	$ 2,353,127	$ 1,261,207	$ 1,356,139

	Schoolcraft Development Authority
	2015
Assets	
Current Assets	$ 224,923
Noncurrent Assets	-
Total Assets	224,923
Liabilities	
Current Liabilities	220,354
Noncurrent Liabilities	-
Total Liabilities	220,354
Net Position	
Unrestricted	4,569
Total Net Position	$ 4,569

Notes to Financial Statements

Condensed Statement of Revenue, Expenses, and Changes in Net Position

	Schoolcraft Development Authority 2016	SC Development Unit 14, Inc. 2016	SC Sports Dome, Inc. 2016	Combined Total 2016
Revenue				
Operating Revenue	$ 980,805	$ -	$ -	$ 980,805
Expenses				
Operating Expenses	4,876	2,170,708	-	2,175,584
Nonoperating Revenue				
Interest income	307	17,729	-	18,036
Unrealized gain on investments	-	240,324	-	240,324
Total Nonoperating Revenue	307	258,053	-	258,360
Other Revenue and (Expenses)				
Transfers between Component Units	(2,380,000)	2,380,000	-	-
Transfers to/from Schoolcraft College	(859,000)	1,129,151	-	270,151
Minority interest contributions	-	756,631	1,261,207	2,017,838
Total Other Revenue and (Expenses)	(3,239,000)	4,265,782	1,261,207	2,287,989
Increase (Decrease) in Net Position	(2,262,764)	2,353,127	1,261,207	1,351,570
Net Position - Beginning of Year	4,569	-	-	4,569
Net Position - End of Year	$ (2,258,195)	$ 2,353,127	$ 1,261,207	$ 1,356,139

	Schoolcraft Development Authority 2015
Revenue	
Operating Revenue	$ 887,001
Expenses	
Operating Expenses	3,798
Nonoperating Revenue	
Interest income	39
Other Revenue and (Expenses)	
Transfers to/from Schoolcraft College	(883,500)
Total Other Revenue and (Expenses)	(883,500)
Decrease in Net Position	(258)
Net Position - Beginning of Year	4,827
Net Position - End of Year	$ 4,569

Notes to Financial Statements

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.

Accounts Receivable – College

Accounts receivable are recorded net of allowance for doubtful accounts. The allowance for doubtful accounts is established using a general valuation allowance based on historical loss experience. All amounts deemed to be uncollectible are charged against the allowance in the period that determination is made.

Accounts Receivable – Development Component Units

Revenue due in advance and not paid prior to year-end is recorded as a receivable. An allowance for bad debts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made.

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 and mortgage 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.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The College deferred outflows of resources related to the net pension liability, see Note 3 for more information.

Unearned Revenue

Revenue received prior to year-end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue for the College at June 30, 2016 is for the summer 2016 semester which began July 5, 2016 and for the fall 2015 semester which begins August 29, 2016. Unearned revenue for the Development Component Units at June 30, 2016 is for rental revenue due in advance of or received prior to year-end that relates to the next fiscal period. In addition, advance payments received in connection with leases or lease extensions are recorded as unearned revenue and recognized on a straight-line basis over the lease term.

Notes to Financial Statements

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.

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 net 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 period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources at June 30, 2016 include approximately $2,968,000 for funding received through state appropriations for contributions to the MPSERS pension plan after the measurement date and $342,000 related to the pension plan described in Note 3. Deferred inflows of resources at June 30, 2015 relate to the pension plan described in Note 3.

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, 2016 and 2015 and the Board of Trustees believes that provision should be made for these future expenditures. These designations are as follows:

College	2016	2015
Designated for:		
Facilities master plan proposed projects	$ 4,500,000	$ 2,300,000
Scholarships	295,000	285,000
Technology replacements	1,222,205	3,742,000
Major maintenance & renovation	1,453,850	7,916,000
Instructional and student support systems	750,000	750,000
Instructional equipment	2,882,400	2,978,000
Auxiliary activities	-	956,876
Personnel commitments, self insurance reserves and working capital	6,319,100	6,195,220
Reserve for executive orders	2,500,000	2,500,000
Debt service costs	2,582,887	1,383,275
Unrestricted and unallocated	(89,554,234)	(87,539,152)
Total Unrestricted Net Position	$ (67,048,792)	$ (58,532,781)

Unrestricted net position of the Development Component Units is entirely unrestricted and unallocated at both June 30, 2016 and 2015.

Notes to Financial Statements

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.

Restricted Net Position - Nonexpendable
Net position whose use by the College is subject to externally imposed constraints as amounts relate to the noncontrolling interest share of income and capital contributions in 7 Delta and SCCD.

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.

For the Development Component Units, rental revenue is recognized based on quarterly payments in accordance with the terms of each rental agreement.

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 $23,484,207 and $22,888,890 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, 2016 and 2015.

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.

Reclassification
Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

Deferred outflows of resources totaling $9,841,409 related to MPSERS which were presented net with deferred inflows of resources in 2015 have been reclassified to the deferred outflows of resources line on the 2015 statement of net position.

Subsequent Events
The financial statements and related disclosures include evaluation of events up through and including September 21, 2016, which is the date the financial statements were available to be issued.

Adoption of New Standards
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.

Notes to Financial Statements

As of June 30, 2016, the College retrospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75*, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the College to recognize on the face of the financial statements its proportionate share of the net OPEB liability related to its participation in the Michigan Public School Employees' Retirement System (MPSERS) plan. The Statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2018.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*, which addresses reporting by governments that provide tax abatements or receive benefits from tax abatements. This standard will require enhanced footnote disclosures regarding benefits provided or received through tax abatements. The College is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the College's financial statements for the year ending June 30, 2017.

Note 2 - Deposits and Investments

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

	2016	2015
Cash and cash equivalents	$ 24,629,329	$ 14,840,034
Short-term investments	-	690,070
Long-term investments	19,963,070	22,512,672
Total	$ 44,592,399	$ 38,042,776

The Development Component Units' deposits and investments are included on the statement of net position under the following classifications:

	2016	2015
Cash and cash equivalents	$ 16,799,131	$ 4,569
Long-term investments	2,465,422	-
Total	$ 19,264,553	$ 4,569

As of June 30, 2016, the Colleges' investments are comprised entirely of federal government agency bonds with maturities of more than 5 years.

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

Notes to Financial Statements

As of June 30, 2016, the Development Component Units' investments are comprised entirely of equity securities that do not mature. As of June 30, 2015, the Development Component Units did not hold any investments.

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

	2016	2015
Bank deposits (checking & savings accounts and certificates of deposit)	$ 10,995,497	$ 14,864,146
Institutional money market fund	13,603,268	458,721
Petty cash and cash on hand	30,564	21,222
Federal government agency bonds	19,963,070	22,512,672
United States treasuries	-	186,015
Total	$ 44,592,399	$ 38,042,776

The above amounts for the Development Component Units are classified by GASB Statement Number 3 in the following categories:

	2016	2015
Bank deposits (checking & savings accounts and certificates of deposit)	$ 170,337	$ 4,569
Institutional money market fund	16,628,794	-
Publicly traded stocks	2,102,689	-
Exchange traded funds	362,733	-
Total	$ 19,264,553	$ 4,569

Deposits

The above College deposits were reflected in the accounts of the bank at June 30, 2016 and 2015 (without recognition of checks written but not yet cleared or of deposits in transit) at $11,005,627 and $15,153,002 respectively. Of this amount $250,000 and $500,000 respectively was covered by federal depository insurance and $10,755,627 and $14,653,002 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 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.

The above Development Component Units deposits were reflected in the accounts of the bank at June 30, 2016 and 2015 at the same amount due to no outstanding checks or deposits in transit at year-end. At June 30, 2016 and 2015, $500,000 and $250,000 respectively was covered by federal depository insurance, therefore, no deposits were uninsured or uncollateralized.

Interest Rate Risk

The College and Development Component Units do 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.

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, 2016 and 2015 were invested as follows:

	2016	2015
Federal government-backed securities	100%	97%
United States treasuries	0%	1%
Certificate of deposit	0%	2%

The Development Component Units place no limit on the amount that may be invested in any one issuer. More than 5 percent of the Development Component Unit's investments at June 30, 2016 and 2015 were invested as follows:

	2016	2015
Exchange traded funds - iShares Core U.S. Aggregate	15%	0%

Custodial Credit Risk

The College's and Development Component Units' investments are all in the name of the respective entity. 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 $13,203,042 and $14,114,167 as of June 30, 2016 and June 30, 2015, 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.michigan.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, 2014 – March 9, 2015	15.44% - 18.34%
March 10, 2015 – September 30, 2015	18.76% - 23.07%
October 1, 2015 – June 30, 2016	14.56% - 18.95%

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.

Notes to Financial Statements

The College's required and actual contributions to MPSERS for the years ended June 30, 2016 and 2015 were $10,287,000 and $8,314,000, respectively. The College's required and actual contributions include $2,968,000 and $0 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, 2016 and 2015. 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.

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, 2016 and 2015, the College reported a liability of approximately $102,572,000 and $92,367,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014 and September 30, 2013, which used updated procedures to roll forward the estimated liability to September 30, 2015 and 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, 2015 and 2014, the College's proportion was 0.419947 percent 0.419350 percent, respectively.

For the year ended June 30, 2016 and 2015, the College recognized pension expense of $8,758,192 and $6,175,898, respectively.

Notes to Financial Statements

At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 339,749
Changes of assumptions	2,525,543	-
Net difference between projected and actual earnings on pension plan assets	523,548	-
Changes in proportion and differences between College contributions and proportionate share of contributions	331,418	1,552
College contributions subsequent to the measurement date	8,306,507	-
Total	$ 11,687,016	$ 341,301

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

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
2017	$ 376,477
2018	376,477
2019	239,623
2020	2,046,631
2021	-
Thereafter	-
Total	$ 3,039,208

Notes to Financial Statements

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year (2017).

Actuarial Assumptions

The total pension liability as of September 30, 2015 and 2014, based on the results of an actuarial valuation date of September 30, 2014 and 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

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:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Pools	28.0%	5.9%
Alternative Investment Pools	18.0%	9.2%
International Equity Pools	16.0%	7.2%
Fixed Income Pools	10.5%	0.9%
Real Estate & Infrastructure Pools	10.0%	4.3%
Absolute Return Pools	15.5%	6.0%
Short Term Investment Pools	2.0%	0.0%
Total	100.0%	

Notes to Financial Statements

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

The following presents the net pension liability of the College at June 30, 2016, 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)
$ 132,241,770	$ 102,572,130	$ 77,559,409

The following presents the net pension liability of the College at June 30, 2015, 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, 2016 and 2015, the College reported a payable of $680,470 and $1,404,750 respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016 and 2015, consisting of pension contribution payable plus any other amounts owed to the pension plan including the UAAL payments for July and August 2016.

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 July 1, 2014 through March 9, 2015, and from 2.20 percent to 2.71 percent of covered compensation for the period from March 10, 2015 through September 30, 2015, and from 6.40 percent to 6.83 percent of covered compensation for the period from October 1, 2015 through June 30, 2016 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, 2016, 2015 and 2014 were approximately $2,078,000, $930,000, and $2,246,000, 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 compensation. Compensation covered under the plan for the year ended June 30, 2016 was approximately $7,271,000, resulting in contributions of approximately $872,000 and $291,000 for the College and employee, respectively. Compensation covered under the plan for the year ended June 30, 2015 was approximately

Notes to Financial Statements

$6,763,000, resulting in contributions of approximately $810,000 and $270,000 for the College and employee, respectively.

Note 4 - 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, was self-insured for vision benefits and was 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.

In May 2016, the College became self-insured for medical benefits for substantially all employees up to a maximum of $150,000 for each claim and up to $1,545,771 in the aggregate. Claims are funded by the College and paid by the plan administrator on a fiscal year basis. Actual payments are based on claims filed. The College pays administrative costs of the plan up to their obligation under PA152. The College is also 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, 2018.

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. For the year ended June 30, 2016, 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 $259 million aggregate for property and crime coverage of buildings and personal property. The College made contributions during the years ended June 30, 2016 and 2015 to the Authority of approximately $329,000 and $316,000 respectively for insurance coverage.

Changes in the estimated self-insured liabilities for the year are as follows:

	2016	2015
Balance, beginning of year	$ 484	$ 10,772
Claims incurred and changes in estimates	304,225	(10,288)
Claims and premium payments	(106,944)	-
Balance, end of year	$ 197,765	$ 484

Note 5 - Fair Value Measurements

The College and its Component Units categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets that the College has the ability to access; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

The College has the following recurring fair value measurements as of June 30, 2016 and 2015:

Notes to Financial Statements

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2016

		Fair Value Measurements Using		
	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt Securities				
Federal government agency securities	$ 19,963,070	$ -	$ 19,963,070	$ -
Total investments by fair value level	$ 19,963,070	$ -	$ 19,963,070	$ -
Total investments measured at fair value	$ 19,963,070			

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2015

	Balance at June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt Securities				
U.S. Treasury securities	$ 186,016	$ -	$ 186,016	$ -
Federal government agency securities	22,512,672	-	22,512,672	-
Total debt securities	22,698,688	-	22,698,688	-
Total investments by fair value level	$ 22,698,688	$ -	$ 22,698,688	$ -
Total investments measured at fair value	$ 22,698,688			

The fair value of the U.S. Treasury securities and Federal government agency securities at June 30, 2016 and 2015, were determined primarily based on level 2 inputs. The College estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The Development Component Units have the following recurring fair value measurements as of June 30, 2016:

Assets and Liabilities Measured at Fair Value on a Recurring Basis

		Fair Value Measurements Using		
	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Equity Securities				
Publicly traded stocks	$ 2,102,689	$ 2,102,689	$ -	$ -
Exchange traded funds	362,733	362,733	-	-
Total investments by fair value level	$ 2,465,422	$ 2,465,422	$ -	$ -
Total investments measured at fair value	$ 2,465,422			

Equity securities classified in level 1 are valued using prices quoted in active markets for those securities.

The Development Component Units did not hold any assets or liabilities measured at fair value as of June 30, 2015.

Notes to Financial Statements

The Foundation has the following recurring fair value measurements as of June 30, 2016 and 2015:

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2016

		Fair Value Measurements Using		
	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Equity Securities				
Domestic mutual funds	$ 6,451,044	$ 6,451,044	$ -	$ -
International mutual funds	3,982,854	3,982,854	-	-
Fixed Income Mutual Funds	2,662,340	2,662,340	-	-
Money Market Mutual Fund	106,804	106,804	-	-
Assets Held Under Charitable Remainder Unitrust	90,206	-	90,206	-
Beneficial Interest in Remainder Trusts	14,797	-	-	14,797
Total investments by fair value level	$ 13,308,045	$ 13,203,042	$ 90,206	$ 14,797
Total investments measured at fair value	$ 13,308,045			

Assets and Liabilities Measured at Fair Value on a Recurring Basis at June 30, 2015

		Fair Value Measurements Using		
	Balance at June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Equity Securities				
Domestic mutual funds	$ 7,609,738	$ 7,609,738	$ -	$ -
International mutual funds	3,210,369	3,210,369	-	-
Fixed Income Mutual Funds	3,231,691	3,231,691	-	-
Money Market Mutual Fund	62,369	62,369	-	-
Assets Held Under Charitable Remainder Unitrust	97,518	-	97,518	-
Beneficial Interest in Remainder Trusts	64,511	-	-	64,511
Total investments by fair value level	$ 14,276,196	$ 14,114,167	$ 97,518	$ 64,511
Total investments measured at fair value	$ 14,276,196			

The following tables summarize the valuation methods and inputs used to determine fair value at June 30, 2016 for assets measured at fair value on a recurring basis using unobservable inputs (Level 3 inputs).

Asset	Valuation Technique	Significant Unobservable Inputs Used	Range (Weighted Average)
Beneficial interest in remainder trust	Discounted Cash Flow	Discount Rate Life expectancy of beneficiary Fair value of trust assets	3.11% 16 years

The Foundation has processes in place to select the appropriate valuation technique and unobservable inputs to perform Level 3 fair value measurements. These processes include management's review of annual statements from the outside trustee for the beneficial interest in remainder trust. The Foundation cannot independently assess the value of these underlying positions through a public exchange or over the counter market.

For the year ended June 30, 2016, changes in level 3 assets measured at fair value on a recurring basis included an unrealized loss of $4,310 and a $45,404 distribution from one of the remainder trusts. For the year ended June 30, 2015, the only change in level 3 assets measured at fair value on a recurring basis was the contribution of beneficial interests in remainder trusts valued at $64,511 as of June 30, 2015.

Notes to Financial Statements

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.

The College has entered into construction contracts and commitments totaling approximately $9,397,000 for the Brewery being constructed in the VistaTech Center, the Welding Lab and Plastics Lab both being constructed in the Applied Sciences Building, Phase II of the North Ring Road, McDowell Center & Applied Sciences Building generators, the South Parking Lot extension, and site-work and infrastructure improvements to South Campus. As of June 30, 2016 the College incurred $4,789,000 relating to these projects. The projects are expected to be completed at various points during the year ending June 30, 2017.

The Development Component Units have entered into construction contracts and commitments totaling approximately $29,401,000 for the construction of a building and the Schoolcraft College Soccer Dome. As of June 30, 2016 the Development Component Units incurred $9,694,000 related to these projects. These projects are expected to be completed at various points during the year ending June 30, 2017.

Note 7 - Property and Equipment

The following tables presents the changes in the various fixed asset class categories for the College for the years ended June 30, 2016 and June 30, 2015:

Year ended June 30, 2016	Beginning Balance	Additions	Deletions	Ending Balance	Estimated Useful Life
Nondepreciable Capital Assets					
Land	$ 1,831,228	$ -	$ -	$ 1,831,228	
Construction in Progress	5,377,056	6,039,360	(6,627,591)	4,788,825	
Total Nondepreciable Capital Assets	7,208,284	6,039,360	(6,627,591)	6,620,053	
Depreciable Capital Assets					
Land Improvements	14,113,772	-	-	14,113,772	10-30
Buildings and Improvements	123,404,910	6,084,005	(8,558)	129,480,357	10-40
Infrastructure	5,080,664	-	-	5,080,664	20
Furniture, Fixtures and Equipment	21,271,421	3,817,383	(771,447)	24,317,357	5-7
Total Depreciable Capital Assets	163,870,767	9,901,388	(780,005)	172,992,150	
Total Capital Assets	171,079,051	15,940,748	(7,407,596)	179,612,203	
Less Accumulated Depreciation					
Land Improvements	4,874,053	409,291	-	5,283,344	
Buildings and Improvments	36,300,269	2,862,025	(8,558)	39,153,736	
Infrastructure	2,565,778	228,865	-	2,794,643	
Furniture, Fixtures and Equipment	13,664,620	2,265,200	(719,905)	15,209,915	
Total Accumulated Depreciation	57,404,720	5,765,381	(728,463)	62,441,638	
Total Capital Assets, Net	$ 113,674,331	$ 10,175,367	$ (6,679,133)	$ 117,170,565	

Notes to Financial Statements

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	

Equipment under capital lease (see Note 9) totaled $7,060,281 and $4,452,034 at June 30, 2016 and 2015, respectively. Amortization of the equipment under capital lease totaled $1,050,744 and $344,954 for the years ended June 30, 2016 and 2015, respectively. The amortization is included in the depreciation expense above. Accumulated amortization of the asset under capital lease is $1,395,698 and $344,954 at June 30, 2016 and 2015, respectively.

All Development Component Unit capital assets were classified as construction in progress as of June 30, 2016. $858,936 of construction in progress was transferred from the College to 7 Delta, LLC during the year ended June 30, 2016 in accordance with the operating agreement. The Development Component Units did not have any capital assets as of 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 $10,404,968 and $12,280,196 for the years ended June 30, 2016 and 2015, 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.

Notes to Financial Statements

Note 9 - Long-Term Liabilities

Long-Term liability activity for the College for the years ended June 30, 2016 and 2015 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Year ended June 30, 2016					
Accrued Severance Pay	$ 829,185	$ 292,944	$ 30,285	$ 1,091,844	$ -
Capital Lease Payable	4,452,034	2,608,247	746,760	6,313,521	995,341
Bonds Payable	16,195,978	8,120,035	1,038,378	23,277,635	1,587,546
Total Long Term Liabilities	$ 21,477,197	$ 11,021,226	$ 1,815,423	$ 30,683,000	$ 2,582,887
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	746,760
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	$ 1,784,305

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. As of June 30, 2016, the College has fully drawn down the authorized principal amount of $7,672,707. 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, 2016 and 2015, the College's outstanding lease liability is $6,313,521 and $4,452,034 respectively. 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 $205,575 and $54,248 for the year ended June 30, 2016 and 2015, respectively.

Under the lease agreement, the future minimum lease payments are as follows:

Year Ending June 30	Payments
2017	1,150,906
2018	1,457,814
2019	1,918,177
2020	2,225,085
Total Payments	$ 6,751,982
Amount representing interest	(438,461)
Total	$ 6,313,521

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 $15,158,434 including unamortized bond premium of $148,434, was outstanding as of June 30, 2016. The total amount of $16,195,978 including unamortized bond premium of $160,977, was outstanding as of June 30, 2015. 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%.

Notes to Financial Statements

During 2016, the College issued $8.045 million in general obligation, limited-tax bonds, for various construction projects, as authorized by the Board of Trustees on March 23, 2016. The total amount of $8,119,201 including unamortized bond premium of $74,201, was outstanding as of June 30, 2016. Bond principal payments are due annually each May through maturity in fiscal year 2031. Interest payments are due semi-annually through maturity at rates ranging from 2.0% to 2.5%.

As of June 30, 2016 bond maturities are as follows:

Year	Principal	Interest	Total
2017	1,587,546	511,172	2,098,718
2018	1,622,546	484,438	2,106,984
2019	1,657,546	452,338	2,109,884
2020	1,692,546	419,538	2,112,084
2021	1,732,546	386,038	2,118,584
2022 - 2026	9,267,730	1,394,663	10,662,393
2027 - 2031	5,717,175	328,738	6,045,912
	$ 23,277,635	$ 3,976,922	$ 27,254,559

Capitalized Interest – Total capitalized interest related to the bonds was $20,428 and $546,284 as of June 30, 2016 and 2015, respectively.

Long-Term liability activity for the Development Component Units for the years ended June 30, 2016 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Year ended June 30, 2016					
Mortgage Payable	$ -	$ 23,401,202	$ -	$ 23,401,202	$ -
Total Long Term Liabilities	$ -	$ 23,401,202	$ -	$ 23,401,202	$ -

Mortgage Payable – During 2016, 7 Delta issued two series of senior secured bank notes totaling $23,401,202 for construction of a building, which was outstanding as of June 30, 2016. Mortgage principal payments on series A1, with a loan amount of $19,401,202, are due monthly beginning the earlier of June 15, 2018 or the first month that a full month's rent payment has been received through maturity in fiscal year 2032. Interest payments on series A1 are due monthly beginning January 2016 through maturity in fiscal year 2032 at a rate of 5.56%. Only one mortgage principal payment on series A2, with a loan amount of $4,000,000, is due upon maturity in fiscal year 2032. Interest payments on series A2 are due monthly beginning January 2016 through maturity in fiscal year 2032 at a rate of 6.17%. The notes are secured by substantially all assets of 7 Delta. In addition, all leases and rental income received by 7 Delta are assigned to the notes. The notes are guaranteed by an owner of the co-member of 7 Delta and are subject to certain covenants.

Notes to Financial Statements

As of June 30, 2016 mortgage maturities are as follows:

Year	Principal	Interest	Total
2017	-	1,325,507	1,325,507
2018	55,462	1,325,507	1,380,969
2019	689,696	1,305,118	1,994,814
2020	775,363	1,264,610	2,039,973
2021	865,916	1,219,215	2,085,131
2022 - 2026	5,879,325	5,223,709	11,103,034
2027 - 2031	9,056,640	3,175,354	12,231,994
Thereafter	6,078,800	284,469	6,363,269
	$ 23,401,202	$ 15,123,489	$ 38,524,691

Capitalized Interest – Total capitalized interest related to the mortgage payable was $695,891 as of June 30, 2016.

Note 10 - Development Component Units

The SDA leases land from the College. The first lease, dated March 11, 1987, is for 74 years and requires annual payments of $1. The second lease, dated June 17, 2003, is for 77 years and requires annual payments of $1. The SDA may use the land for the construction, maintenance and operation of certain commercial real estate. At the end of the lease term the land and improvements revert to the College.

The SDA has entered into sublease agreements with unrelated third parties.

On March 11, 1987 the SDA entered into an option and development agreement that provided a real estate developer an option to sublease four parcels of land.

The developer exercised its option on Parcel 1 on May 11, 1987, on Parcel 2 on May 1, 1988, on Parcel 3 on August 1, 1989, and on Parcel 4 on March 16, 1998.

Two sublease agreements with the developer were for 70 years from the date of each lease agreement. Under these subleases the developer constructed and maintained two 120,000 square foot office buildings. The third sublease agreement with the developer was for 68 years from the date of the lease agreement. Under this sublease the developer constructed and maintained a restaurant. The fourth sublease agreement with the developer was for 59 years from the date of the lease agreement. Under this sublease the developer constructed and maintained a 97,000 square foot office building.

During 2012, the developer defaulted on the mortgages covering the buildings that have been constructed on the leased land. During 2013, the foreclosure process on these mortgages was completed, and they were then owned by a real estate investment trust. Acting on behalf of the real estate investment trust, a master servicer and property manager were put in place in 2013 who remitted the quarterly rental payments to the SDA in accordance with the existing lease terms. In addition to base rental payments, the leases required percentage rental payments based on the rent received by the developer.

During 2015, the real estate investment trust sold the buildings described above to an unrelated third party. On October 8, 2015, the SDA entered into an amended restated and consolidated ground sublease with the new owner of the buildings as tenant. In connection with the lease restatement, the tenant paid $2.3 million to extend the term of the lease. This payment is being amortized over the life of the lease on a straight-line basis. The lease terms for all 4 parcels were extended to September 30, 2114. The sublease agreement provides for base quarterly rental payments due in advance on June 30, September 30, December 31 and March 31. Per the amended restated and consolidated ground sublease, the tenant is entitled to a base rent credit on four quarterly installments for each lease year that the tenant is not profitable. The base rent credit will be $10,000 during any of the first 10 lease years and will increase by $10,000 during each subsequent 10 lease year period.

Notes to Financial Statements

The following is a summary of the leases, including the base rent rates for lease years 1-10:

Lease	Acres	Quarterly Base Rent
Parcel 1	5.7	$24,786
Parcel 2	6.4	28,173
Parcel 3	.8	14,944
Parcel 4	3.4	4,398

Minimum future lease receipts, excluding amortization of the lease extension payments as described above, are as follows:

Years Ending June 30	Amount
2017	289,204
2018	289,204
2019	289,204
2020	289,204
2021	289,204
Thereafter	31,450,546

On July 30, 2003 the SDA entered into a lease agreement with an unrelated third party to sublease approximately 45 acres of land owned by the College. The lease agreement is for 75 years. The sublease agreements provide for base quarterly rental payments due in advance on June 30, September 30, December 31 and March 31. The rental payment for 2009/10 was approximately $576,000 increasing by 1% per year for the next 16 years, increasing by $100,000 in year 18, and then increasing by ½% per year for the next 57 years. In April 2016, one of the units defaulted back to the College as allowed by the agreement, reducing the lease payments by approximately $64,000 per year beginning in 2016.

Minimum future lease receipts are as follows:

Years Ending June 30	Amount
2017	552,839
2018	558,367
2019	563,951
2020	616,757
2021	668,423
Thereafter	44,177,728

SCDU 14 leases land from the College. The lease, dated October 2, 2015, is for 75 years and requires annual payments of $220,000 increasing by 1%; however, rent is abated to $1 for the first 30 years of the lease and for each year thereafter provided that 7 Delta is still the subtenant of the lease and is not in default. SCDU 14 may use the land to enter into the partnership described in Note 1. At the end of the lease term the land and improvements revert to the College. SCDU 14 then subleased the land to 7 Delta. The sublease, also dated October 2, 2015, is for 75 years and has the same payment terms as the ground lease.

On October 2, 2015, 7 Delta entered into a lease agreement with an unrelated third party for real estate, including an office building, to be built on College owned land, specifically unit 14. The lease agreement is for 15 years, with three options to extend the lease for a period of 5 years each, and commences on the earlier of 60 days after the premises has been delivered to the tenant, the date the tenant begins to conduct regular business operations from the premises, or June 1, 2017. The lease agreement provides for base monthly rental payments due in advance during the term of the lease. The base rent, expressed as dollars per square foot, will be $0 for the first 12 months of the term and for months 13-24 of the term shall equal the actual total construction costs, multiplied by 8.5%, and then divided by the actual gross area. Beginning with the 25th month of the lease, the base rent shall be increased by $0.50 per square foot of the actual gross area. Pursuant to the first amendment to the lease agreement, dated October 30, 2015, the base initial base rent

Notes to Financial Statements

shall not be less than $2,015,962. Under the sublease, 7 Delta is responsible for constructing the building and related land improvements. The College, as the original ground lessor, is responsible for constructing and maintaining certain land improvements, for which the unrelated third party will pay an annual 5% maintenance fee to the College.

SCSD leases land from the College. The lease, dated June 23, 2016, is for 50 years and requires annual payments of $1. SCSD may use the land to enter into the partnership described in Note 1. At the end of the lease term the land and improvements revert to the College. SCSD then subleased the land to SCCD. The sublease, also dated June 23, 2016, is for 50 years and requires annual payments of $1. The sublease may be terminated by SCSD or SCCD after the later of 25 years or the date the dome being built on the land is no longer reasonably operational.

On June 23, 2016, SCCD entered into a master lease agreement with Schoolcraft College for use of the Soccer Dome. The lease agreement is for 25 years and will commence on the later of the date the construction of the leased premises is substantially completed or the date a certificate of occupancy is obtained, but no later than January 1, 2017. The lease agreement provides for base monthly rental payments due in advance of $69,792 or $837,500 per year. The lease requires the College to pay any construction costs greater than $6,000,000. On December 22, 2015, the College entered into a sublease agreement with a third party Soccer Club. The sublease agreement is for 25 years and is for use of the dome facilities during specific times each week. The base rent, payable in monthly installments of $35,417 or $425,000 per year, is due commencing on the date the College obtains a certificate of occupancy for the facilities, and the first day of each month thereafter. According to the sublease agreement, the rent is to increase 1.0% each lease year from month 37 through month 180, and 2.0% each lease year from month 181 until the end of the lease term. The tenant will also pay the College $37,500 in turf maintenance fees annually and paid a security deposit of $231,250 during the year ended June 30, 2016.

Note 11 - 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, 2016 and 2015 the College and its students received support from the Foundation of approximately $606,000 and $595,000 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 College's Proportionate Share of Net Pension Liability:

	As of September 30	
	2015	2014
College's proportion of the collective MPSERS net pension liability: As a percentage	0.41995%	0.41935%
Amount	$ 102,572,130	$ 92,367,456
College's covered-employee payroll	$ 35,623,198	$ 35,788,975
College's proportionate share of the collective pension liability (amount), as a percentage of the College's covered-employee payroll	287.94%	258.09%
MPSERS fiduciary net position as a percentage of the total pension liability	63.17%	66.20%

Schedule of College Contributions:

	As of June 30	
	2016	2015
Statutorily required contribution	10,174,578	8,313,567
Contributions in relation to the actuarially determined contractually required contribution	10,174,578	8,313,567
Contribution deficiency (excess)	-	-
Covered employee payroll	$ 36,796,837	$ 35,928,448
Contributions as a percentage of covered employee payroll	27.65%	23.14%

Other Supplementary Information

Consolidating Statement of Net Position

As of June 30, 2016 (With Comparative Totals for 2015)

	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Agency Fund	College Combined Total 2016	College Combined Total 2015
Assets									
Current Assets									
Cash and cash equivalents	$ 6,640,829	$ 4,412,528	$ -	$ -	$ -	$ 5,495,480	$ 34,774	$ 16,583,611	$ 14,822,875
Short-term investments	-	-	-	-	-	-	-	-	504,054
Property taxes receivable	357,706	-	-	-	-	-	-	357,706	500,446
State appropriation receivable	3,087,491	-	-	-	-	-	-	3,087,491	2,854,284
Accounts receivable	1,093,849	246,434	254,627	-	-	-	-	1,594,910	2,107,382
Accrued interest receivable	57,356	-	-	-	-	-	-	57,356	105,408
Federal and state grants receivable	-	-	-	530,976	-	-	-	530,976	1,220,293
Student loans receivable	-	-	-	-	16,250	-	-	16,250	16,250
Inventories	341,628	-	1,525,577	-	-	-	-	1,867,205	1,744,756
Prepaid expenses and other assets	669,974	-	-	-	-	-	-	669,974	894,762
Deposits	170,099	-	-	-	-	-	-	170,099	-
Due from (to) other funds	1,618,772	-	(1,397,834)	(220,938)	-	-	-	-	-
Total Current Assets	14,037,704	4,658,962	382,370	310,038	16,250	5,495,480	34,774	24,935,578	24,770,510
Noncurrent Assets					-				
Restricted cash and investments	-	-	-	-	-	8,045,718	-	8,045,718	203,175
Long-term investments	9,257,415	2,956,351	-	-	-	7,749,304	-	19,963,070	22,512,672
Property and Equipment:									
Land and improvements	-	-	-	-	-	10,661,656	-	10,661,656	11,070,948
Infrastructure	-	-	-	-	-	2,286,021	-	2,286,021	2,514,885
Buildings and improvements	-	-	-	-	-	90,326,621	-	90,326,621	87,104,642
Equipment	-	-	-	-	-	9,107,442	-	9,107,442	7,606,802
Construction in progress	-	-	-	-	-	4,788,825	-	4,788,825	5,377,054
Total Property and Equipment	-	-	-	-	-	117,170,565	-	117,170,565	113,674,331
Total Assets	23,295,119	7,615,313	382,370	310,038	16,250	138,461,067	34,774	170,114,931	161,160,688
Deferred Outflows of Resources	11,687,016	-	-	-	-	-	-	11,687,016	9,841,409

Consolidating Statement of Net Position (Continued)

As of June 30, 2016 (With Comparative Totals for 2015)

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Agency Fund	College Combined Total 2016	College Combined Total 2015
Liabilities									
Current Liabilities									
Current portion of debt obligations	$ -	$ -	$ -	$ -	$ -	$ 2,582,887	$ -	2,582,887	$ 1,784,305
Accounts payable	1,160,913	25,865	105,434	166,833	-	3,726,660	-	5,185,705	2,094,671
Accrued interest payable	-	-	-	-	-	161,546	-	161,546	110,219
Accrued payroll and other compensation	6,268,783	56,504	160,929	65,790	-	-	-	6,552,006	5,797,429
Deposits	-	-	231,250	-	-	-	34,774	266,024	24,467
Unearned revenue	4,145,182	272,466	-	-	-	-	-	4,417,648	4,093,478
Contingent liabilities	-	-	-	-	-	-	-	-	484
Total Current Liabilities	11,574,878	354,835	497,613	232,623	-	6,471,093	34,774	19,165,816	13,905,053
Noncurrent Liabilities									
Net pension liability	102,572,130							102,572,130	92,367,456
Long-term debt obligations	-	-	-	-	-	27,008,269	-	27,008,269	18,863,707
Accrued severance pay	1,091,844	-	-	-	-	-	-	1,091,844	829,185
Total Liabilities	115,238,852	354,835	497,613	232,623	-	33,479,362	34,774	149,838,059	125,965,401
Deferred Inflows of Resources	3,310,138	-	-	-	-	-	-	3,310,138	10,213,358
Net Position									
Net investment in capital assets	-	-	-	-	-	95,625,127	-	95,625,127	93,229,494
Restricted for:									
Expendable restricted grants	-	-	-	77,415	-	-	-	77,415	126,625
Unrestricted	(83,566,855)	7,260,478	(115,243)	-	16,250	9,356,578	-	(67,048,792)	(58,532,781)
Total Net Position	$ (83,566,855)	$ 7,260,478	$ (115,243)	$ 77,415	$ 16,250	$ 104,981,705	$ -	$ 28,653,750	$ 34,823,338

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

For the Year Ended June 30, 2016 (With Comparative Totals for 2015)

	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Elimination	College Combined Total 2016	College Combined Total 2015
Revenue									
Operating Revenue									
Tuition and fees (Net of scholarship allowances of $11,433,600 in 2016 and $13,274,034 in 2015)	$ 39,488,548	$ 1,330,162	$ -	$ -	$ -	$ -	$ (11,433,600)	$ 29,385,110	$ 27,358,642
Federal grants and contracts	-	-	-	1,731,868	-	-	-	1,731,868	1,807,086
State and local grants and contracts	18,400	-	-	639,028	-	-	-	657,428	733,168
Nongovernmental grants	-	-	-	73,833	-	-	-	73,833	98,660
Auxiliary enterprises	-	-	8,579,235	-	-	-	(1,076,717)	7,502,518	7,973,477
Indirect cost recoveries	139,249	-	-	-	-	-	(139,249)	-	-
Gain on disposal of assets	-	-	-	-		11,674	-	11,674	28,130
Miscellaneous	737,229	3,225,517	17,776	71,768	-	591,149	(123,853)	4,519,586	3,386,540
Total Operating Revenue	40,383,426	4,555,679	8,597,011	2,516,497	-	602,823	(12,773,419)	43,882,017	41,385,703
Expenses									
Operating Expenses									
Instruction	34,462,823	1,224,979	-	675,808	-	-	(1,002,536)	35,361,074	34,269,616
Public service	1,103,954	1,435,300	-	702,646	-	-	(1,073,132)	2,168,768	2,140,267
Instructional support	12,194,181	329,372	-	666,287	-	-	(120,107)	13,069,733	12,330,262
Student services	12,416,577	1,164,476	8,782,264	14,820,585	-	-	(11,590,418)	25,593,484	25,773,228
Institutional administration	9,237,172	40,612	-	-	-	-	(140,633)	9,137,151	9,323,602
Operation and maintenance of plant	9,504,982	86,071	-	-	-	543,585	1,153,407	11,288,045	9,780,495
Depreciation	-	-	-	-	-	5,765,384	-	5,765,384	4,822,371
Total Operating Expenses	78,919,689	4,280,810	8,782,264	16,865,326	-	6,308,969	(12,773,419)	102,383,639	98,439,841
Operating Income (Loss)	(38,536,263)	274,869	(185,253)	(14,348,829)	-	(5,706,146)	-	(58,501,622)	(57,054,138)

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

For the Year Ended June 30, 2016 (With Comparative Totals for 2015)

	General Fund	Designated Fund	Auxiliary Activities Fund	Expendable Restricted Funds	Student Loan Funds	Plant Funds	Elimination	College Combined Total 2016	College Combined Total 2015
Nonoperating Revenue and (Expenses)									
State appropriations	$ 14,118,950	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,118,950	$ 15,804,127
Property tax levy	23,296,021	-	-	-	-	-	-	23,296,021	22,686,332
Interest income	330,855	-	-	-	-	190,248	-	521,103	494,067
Interest expense	-	-	-	-	-	(557,230)	-	(557,230)	(54,248)
Unrealized gain on investments	802,157	-	-	-	-	441,811	-	1,243,968	564,863
Pell grants	-	-	-	13,979,373	-	-	-	13,979,373	16,130,242
Net Nonoperating Revenue	38,547,983	-	-	13,979,373	-	74,829	-	52,602,185	55,625,383
Income (Loss) Before Other Revenue and Expenses	11,720	274,869	(185,253)	(369,456)	-	(5,631,317)	-	(5,899,437)	(1,428,755)
Other Revenue and (Expenses)									
Transfers between College and component units	(270,216)	-	-	-	-	65	-	(270,151)	883,500
Total Other Revenue	(270,216)	-	-	-	-	65	-	(270,151)	883,500
Increase (Decrease) in Net Position	(258,496)	274,869	(185,253)	(369,456)	-	(5,631,252)	-	(6,169,588)	(545,255)
Transfers In (Out)	(2,464,359)	416,879	(886,866)	320,246	-	2,614,100	-	-	-
Net Increase (Decrease) in Net Position	(2,722,855)	691,748	(1,072,119)	(49,210)	-	(3,017,152)	-	(6,169,588)	(545,255)
Net Position - Beginning of Year	(80,844,000)	6,568,730	956,876	126,625	16,250	107,998,857	-	34,823,338	128,444,807
Adjustment for change in accounting principle	-	-	-	-	-	-	-	-	(93,076,214)
Net Position - Beginning of Year, As Restated	(80,844,000)	6,568,730	956,876	126,625	16,250	107,998,857	-	34,823,338	35,368,593
Net Position - End of Year	$ (83,566,855)	$ 7,260,478	$ (115,243)	$ 77,415	$ 16,250	$ 104,981,705	$ -	$ 28,653,750	$ 34,823,338