

West Shore
Community
College



Years Ended
June 30, 2015
and 2014

Financial
Statements
and
Supplementary
Information

WEST SHORE COMMUNITY COLLEGE

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MANAGEMENT'S DISCUSSION AND ANALYSIS



Management’s Discussion and Analysis

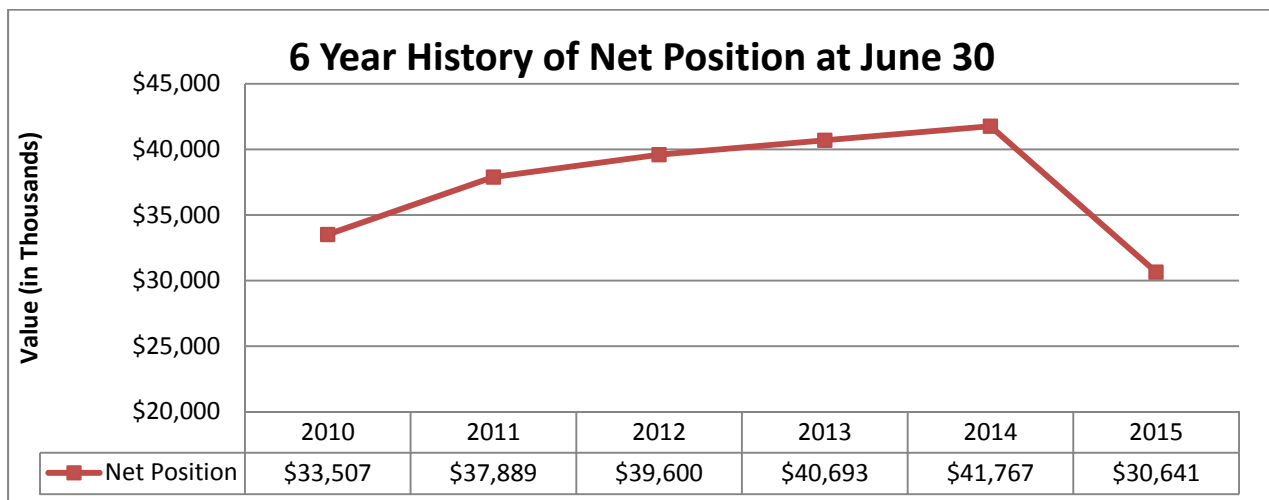
This discussion and analysis of West Shore Community College’s (the “College”) financial statements provides an overview of the College’s financial activities for the year ended June 30, 2015. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College’s management.

This annual financial report contains the report of independent auditors, the management’s discussion and analysis, the basic financial statements, and notes to financial statements along with required supplementary information and supplementary information. The basic financial statements include the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows which comprise the College financial statements. The College financial statements provide information about the activities of the College as a whole, presenting both an aggregate view of the College’s finances and a long-term view of the College’s financial position. Combining financial statements are also included as supplementary information. Combining financial statements include the Combining Statements of Net Position and the Combining Statements of Revenues, Expenses, Transfers, and Changes in Net Position. These statements show how the services were financed in the short-term, as well as what remains for future spending. The combining financial statements report the College’s operation in more detail than the basic financial statements by providing information about activities by fund.

The basic financial statements include not only the College itself but also a legally separate component unit, the West Shore Community College Foundation. Financial information for this component unit is reported separately from the financial information presented for the primary government, the College.

Financial Highlights

The College’s financial position reflected a decrease over the prior fiscal year of \$11,125,983 resulting in a net position of \$30,641,292 at June 30, 2015. Net position as of June 30, 2015 includes the effect of implementing Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), which resulted in a decrease in net position of \$12,225,101 as of July 1, 2014. During the fiscal year ended June 30, 2015, the College’s revenues and other support totaled \$17,463,943 while 2014’s total was \$17,554,971 and 2013’s total was \$17,540,693. Expenses during the 2015 fiscal year were \$16,364,825 while 2014’s total was \$16,480,883 and 2013’s total was \$16,447,955.





Management's Discussion and Analysis

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

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Revenues and expenses are separated into categories of operating revenues and expenses and non-operating revenues.

Following is a comparison of the major components of the Statement of Net Position of the College as of June 30:

	2015	2014	2013
Assets			
Current assets	\$ 4,413,470	\$ 6,331,739	\$ 3,774,157
Investments	14,637,923	11,342,896	12,029,674
Note receivable - College Foundation	-	150,000	150,000
Capital assets, net	26,060,054	26,367,211	27,023,785
Total assets	45,111,447	44,191,846	42,977,616
Deferred Outflow of Resources	1,625,635	-	-
Liabilities			
Current Liabilities	2,350,700	2,424,571	2,284,429
Noncurrent Liabilities	12,376,693	-	-
Total Liabilities	14,727,393	2,424,571	2,284,429
Deferred Inflow of Resources	1,368,397	-	-
Net position			
Net investment in capital assets	26,060,054	26,367,211	27,023,785
Restricted for:			
Nonexpendable scholarships	415,503	415,003	414,003
Expendable student loans	82,256	81,533	81,342
Expendable scholarships	66,525	101,774	122,760
Expendable capital projects	10,841,795	9,538,441	7,802,742
Unrestricted (deficit)	(6,824,841)	5,263,313	5,248,555
Total net position	\$ 30,641,292	\$ 41,767,275	\$ 40,693,187



Management's Discussion and Analysis

Significant changes in the Statement of Net Position were the result of the following:

A net pension liability of \$12,376,693 was recorded as of June 30, 2015 in compliance with GASB 68. Deferred outflows of resources of \$1,625,635 were recorded as a result of changes in assumptions to the net pension liability and College contributions to the Michigan Public School Employees Retirement System (MPERS) plan subsequent to the plan's measurement date. Deferred inflows of \$1,368,397 were recorded as a result of the difference between projected and actual earnings on pension plan investments. It is important to note that while this new standard raises awareness of potential future obligations of the College, its implementation has no immediate impact on the cash position of the College or its ability to meet current obligations. See footnotes to the financial statements for more information.

Current assets decreased \$1,918,269 from 2014 to 2015 due to the purchase of investments which increased by \$3,295,027. A note receivable was paid in full and capital assets decreased by \$307,157 as a net effect of capital asset additions being less than depreciation. More detailed information about the College's capital assets is presented in the footnotes to the financial statements. Overall total assets increased by \$919,601 as of June 30, 2015.

The net position of expendable capital projects increased again in 2015 by approximately \$1.3 million, with only one major capital project in the fiscal year that offset the receipt of capital project funds received from the local millage assessment.

Following is a comparison of the major components of The Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30:

	2015	2014	2013
Operating revenues	\$ 3,235,250	\$ 3,255,008	\$ 3,123,604
Operating expenses	<u>16,364,825</u>	<u>16,480,883</u>	<u>16,447,955</u>
Operating loss	(13,129,575)	(13,225,875)	(13,324,351)
Net nonoperating revenues	<u>14,228,693</u>	<u>14,299,963</u>	<u>14,326,178</u>
Increase in income before other revenues	<u>1,099,118</u>	<u>1,074,088</u>	<u>1,001,827</u>
Other revenues	<u>-</u>	<u>-</u>	<u>90,911</u>
Increase in net position	1,099,118	1,074,088	1,092,738
Net position - beginning of year	41,767,275	40,693,187	39,600,449
Implementation of GASB 68	<u>(12,225,101)</u>	<u>-</u>	<u>-</u>
Adjusted Net position - Beginning of year	<u>29,542,174</u>	<u>40,693,187</u>	<u>39,600,449</u>
Net position - end of year	<u>\$ 30,641,292</u>	<u>\$ 41,767,275</u>	<u>\$ 40,693,187</u>

Operating expenses exceeded operating revenue by \$13,129,575 in 2015, \$13,225,875 in 2014 and \$13,324,351 in 2013. The net operating loss was covered by non-operating revenues of \$14,228,693 in 2015, \$14,299,963 in 2014 and \$14,326,178 in 2013.

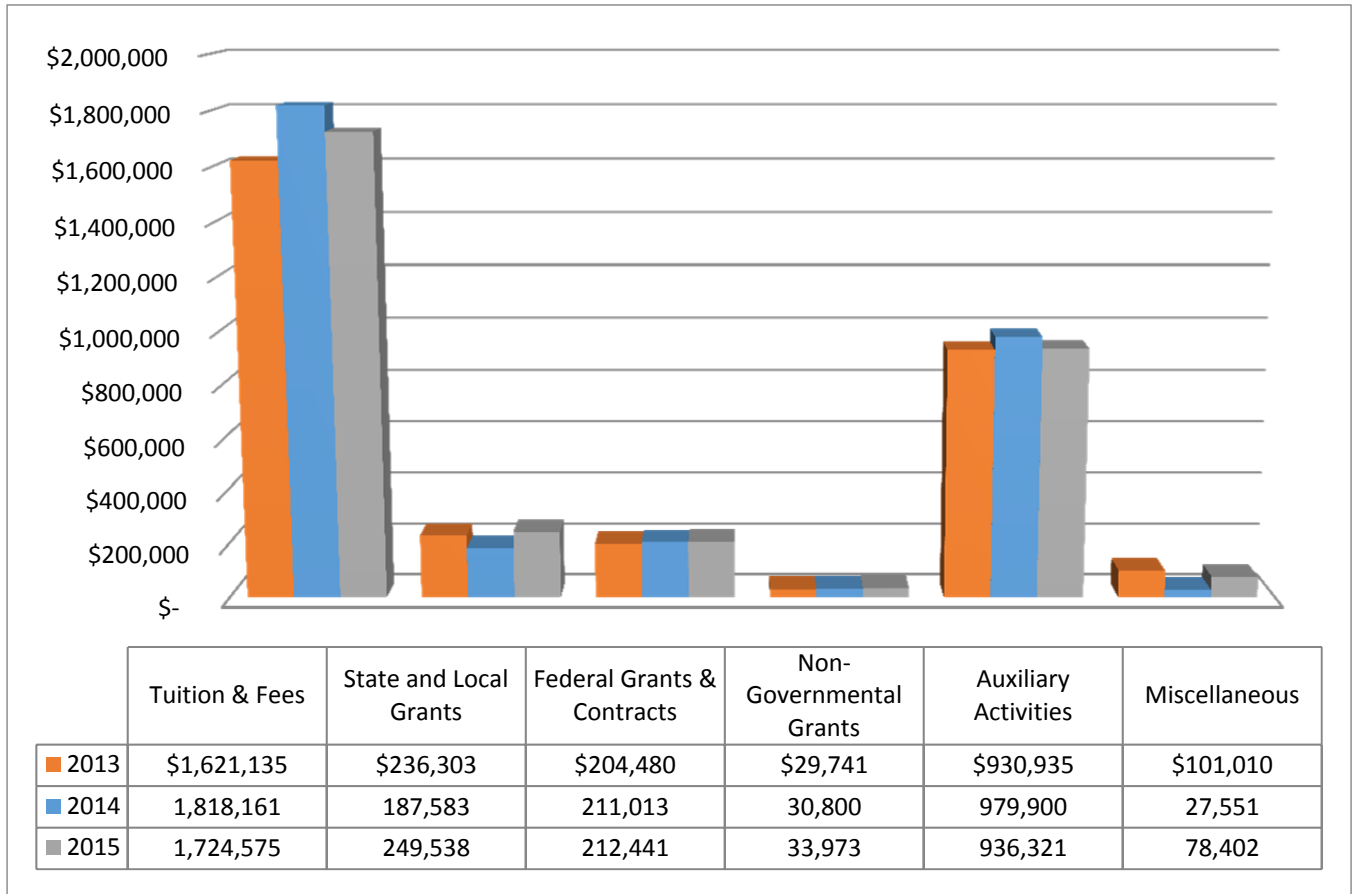


Management's Discussion and Analysis

Operating Revenue

Operating revenues include all transactions that result in the sales and/or receipts from goods and services such as tuition and fees and bookstore operations. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services. The following is a comparison of operating revenue for 2015, 2014 and 2013:

Operating Revenues Comparison of Fiscal Year 2015, 2014 and 2013

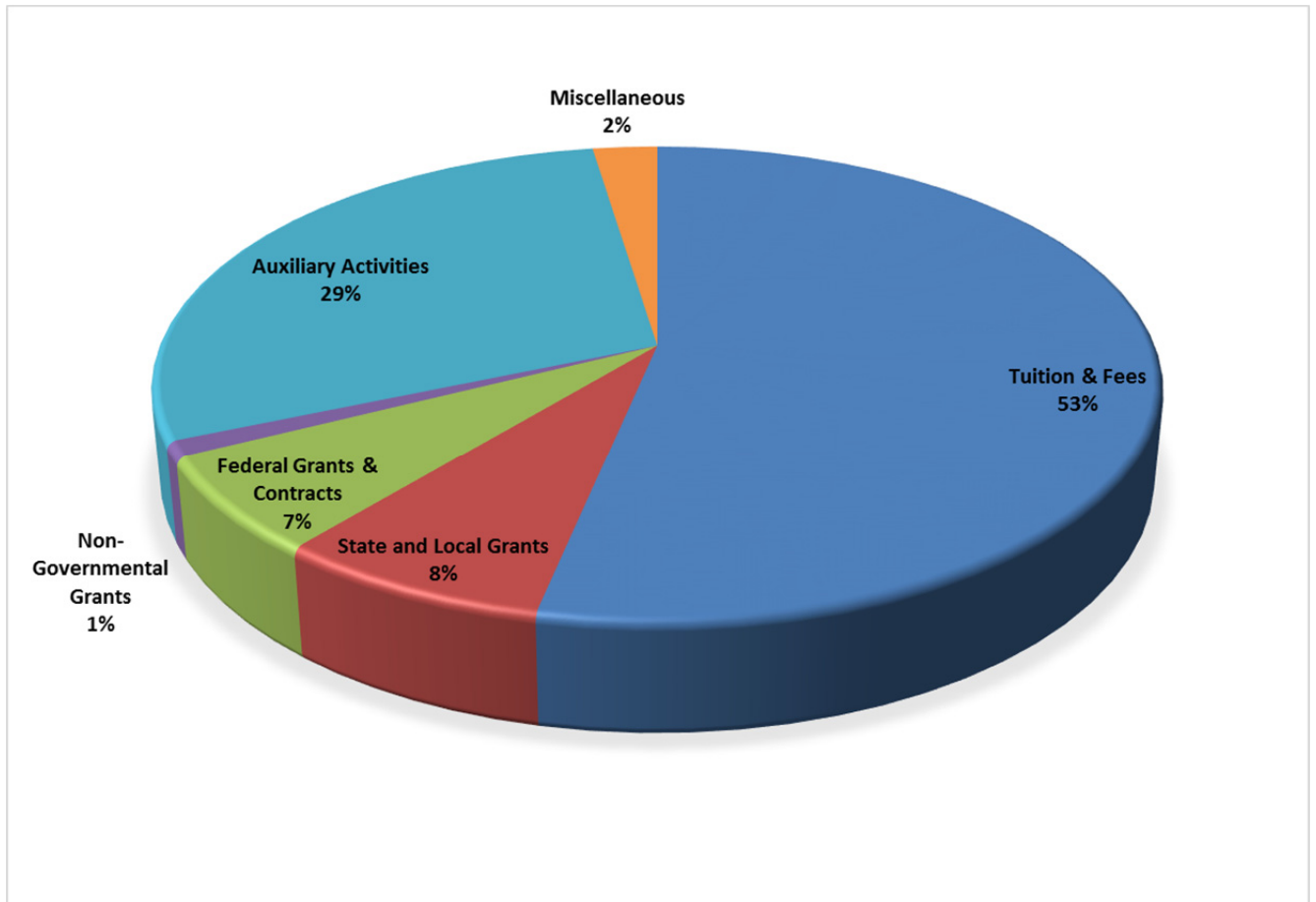


Significant operating revenue changes were the result of the following:

- Tuition and Fees net of scholarship allowance decreased by 5% from 2014 to 2015. The decrease was due to lower enrollment than the previous year. Increases in tuition and fee rates did not offset the decline in student population. Auxiliary activities are also down by 5% due to the decline in enrollment.
- State and Local grants increased by 33% due to increases in nursing and tuition incentive scholarships from the State.
- Miscellaneous revenue increased by 185% from 2014 to 2015. In 2014 revenue was decreased due to a \$50,000 adjustment for bad debt.

Management's Discussion and Analysis

The following is a graphic illustration of operating revenues by source:





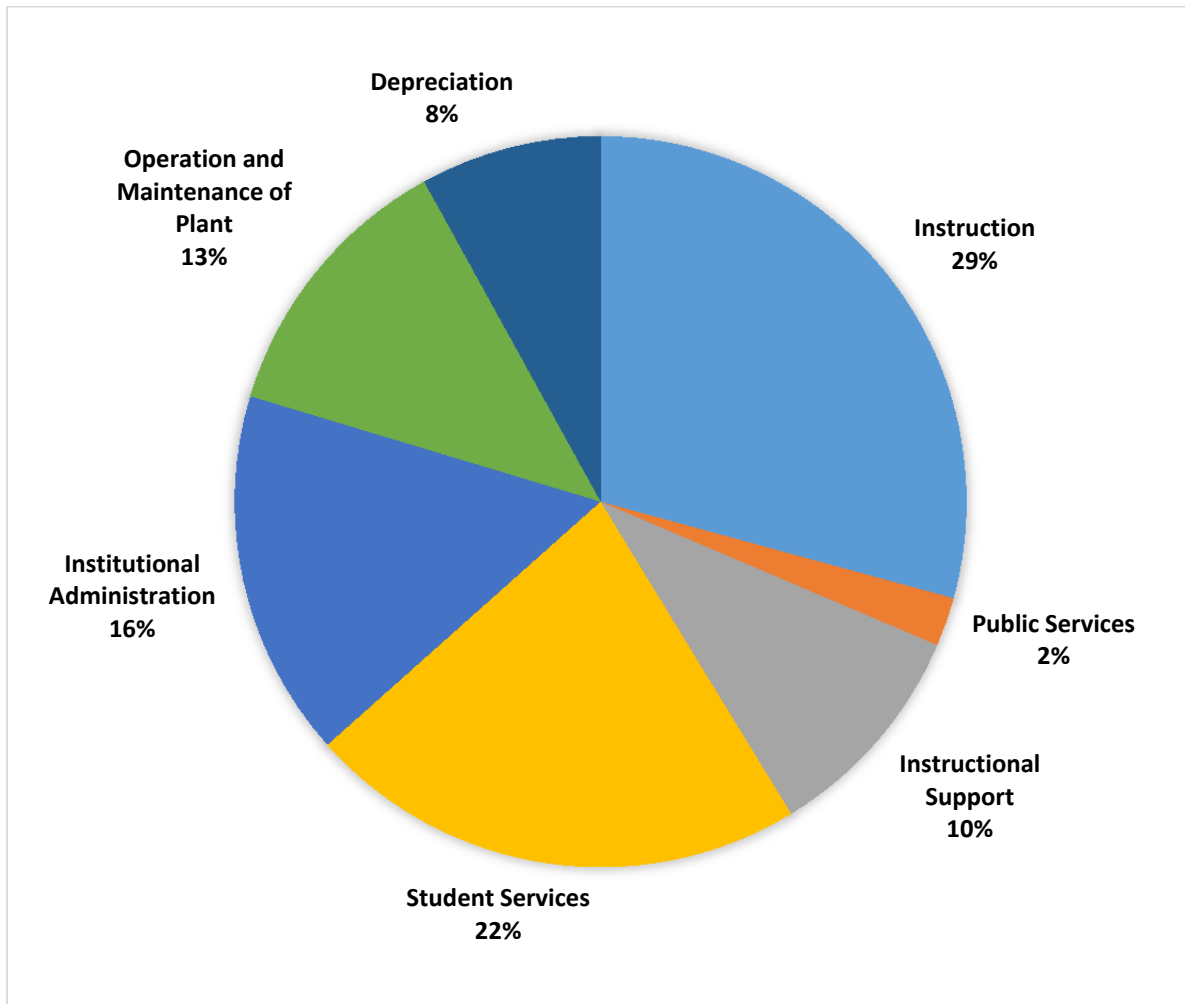
Management's Discussion and Analysis

Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. For purposes of the audit, operating expenses are presented according to the State of Michigan's Activities Classification Structure (ACS). Operating expenses for the fiscal year ended June 30, 2015 consist of the following:

Instruction	\$ 4,787,891
Public service	353,145
Instructional support	1,615,128
Student services	3,621,511
Institutional administration	2,658,078
Operations and maintenance of plant	2,017,803
Depreciation	1,311,269
Total	\$ 16,364,825

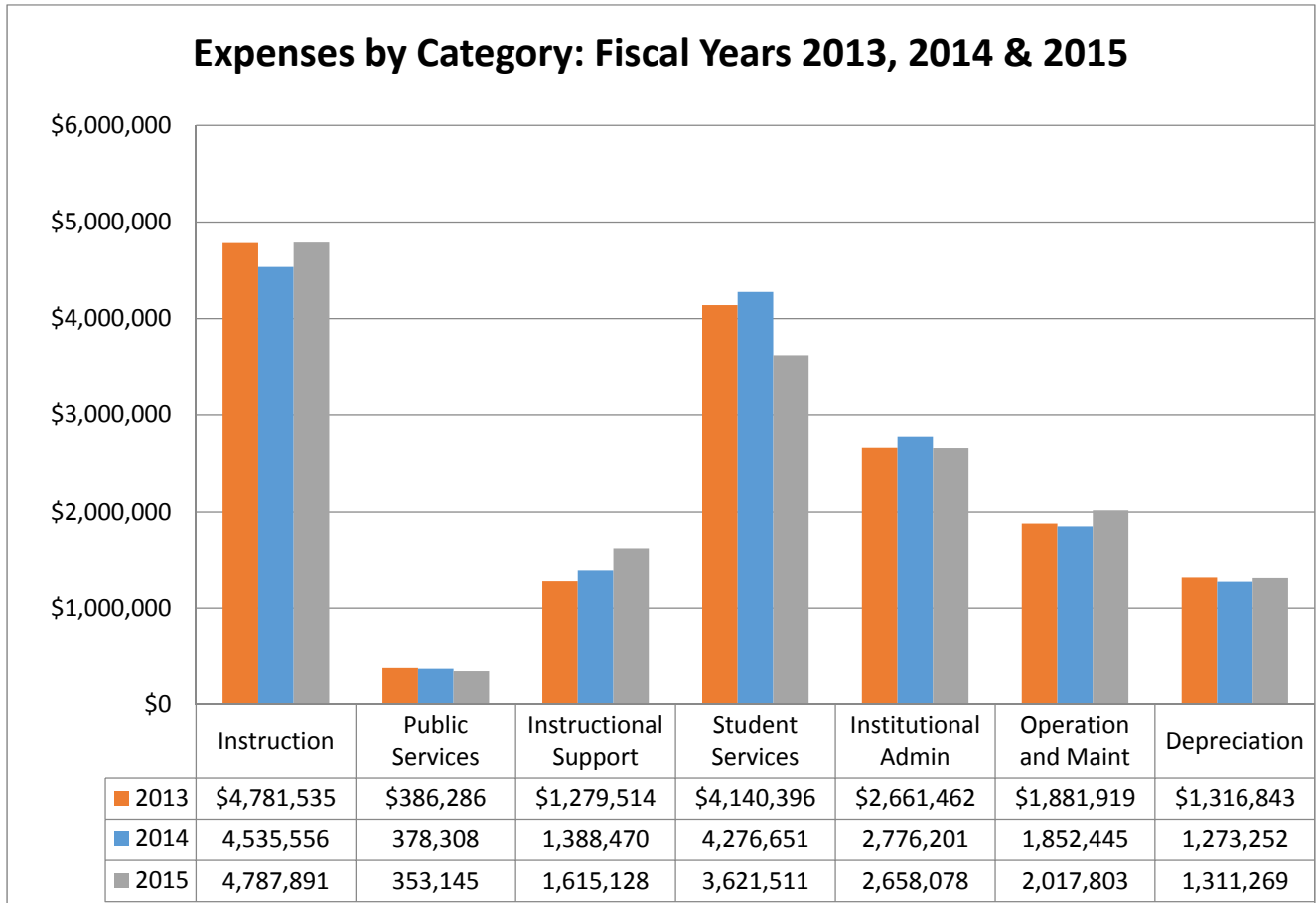
The following pie chart depicts the percentage of operating expenses by function for the year ended June 30, 2015:





Management's Discussion and Analysis

Expenses in 2015 are consistent with 2014 with less than a 1% decrease in 2015. Expenses by category did see changes such as a 6% increase in Instruction, a 16% increase in Instructional Support, and a 15% decrease in Student Services. A comparison of current year expenses to the prior two years is presented below.



Significant changes in expenses are as follows:

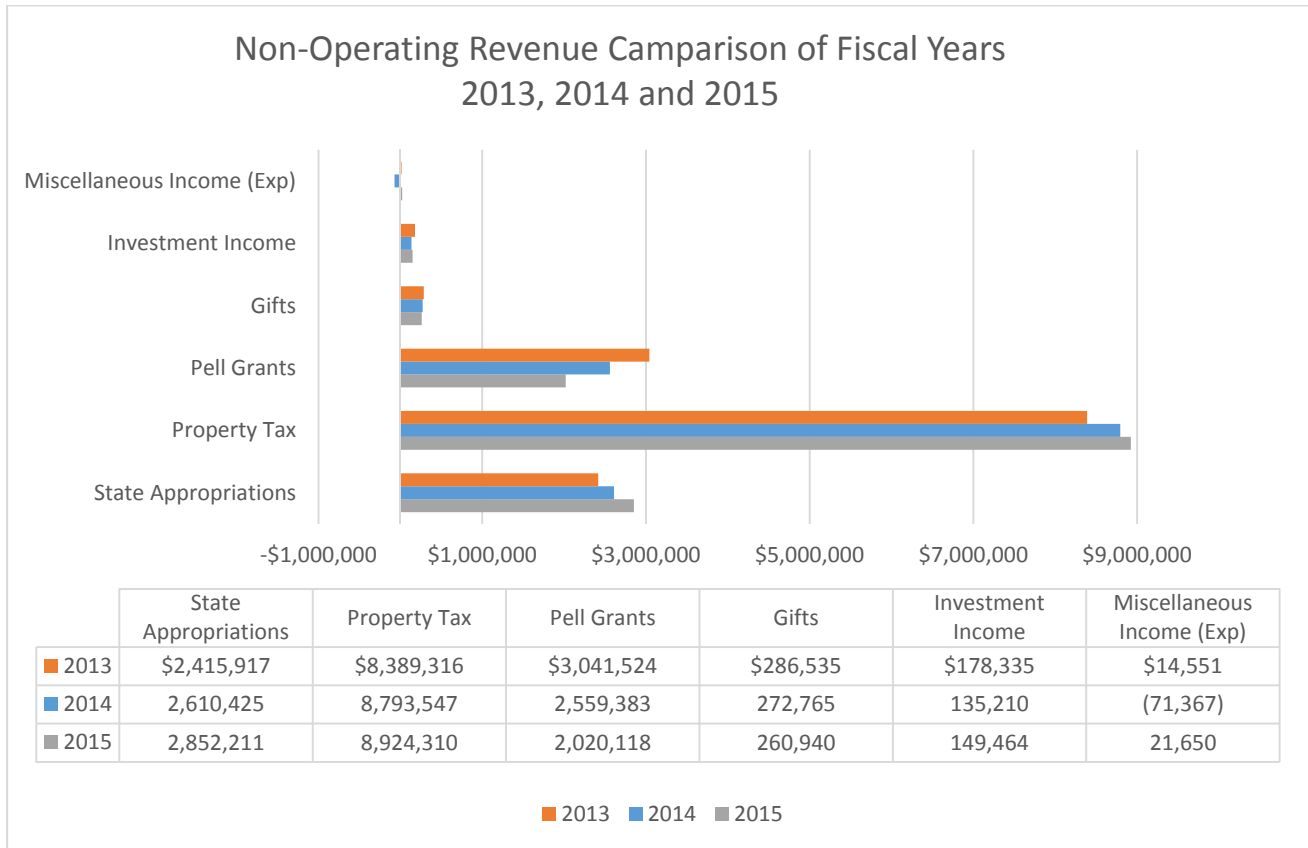
- Instruction expenses increased 5% with new programming for a corrections academy and the new faculty contract that went into effect in 2015 was front loaded with a more substantial raise than typically experienced which will be offset by smaller increases during the remainder of the three year contract. Full-time faculty contracts, a bulk of instruction expenses, increased by 3.5%.
- Public Services decreased by 7% due to a vacancy.
- Instructional Support increased 16% with increased sabbatical expenses, expenses for new First Year Seminar programming, and increased faculty release time for assistance with instructional programming.
- Student Services experienced a 15% decrease in expenses due to a decrease in Pell grant awards due to a decline in the number of eligible students as a result of the enrollment decline.
- Institutional Administration decreased by 4% due to vacancies.
- Operation and Maintenance increased by 9% due to several maintenance and repair projects of capital items.



Management's Discussion and Analysis

Non-Operating Revenues

Non-operating revenues are revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, investment income (including realized and unrealized gains and losses), gifts to the College, and grants and contracts that do not require any services to be performed.

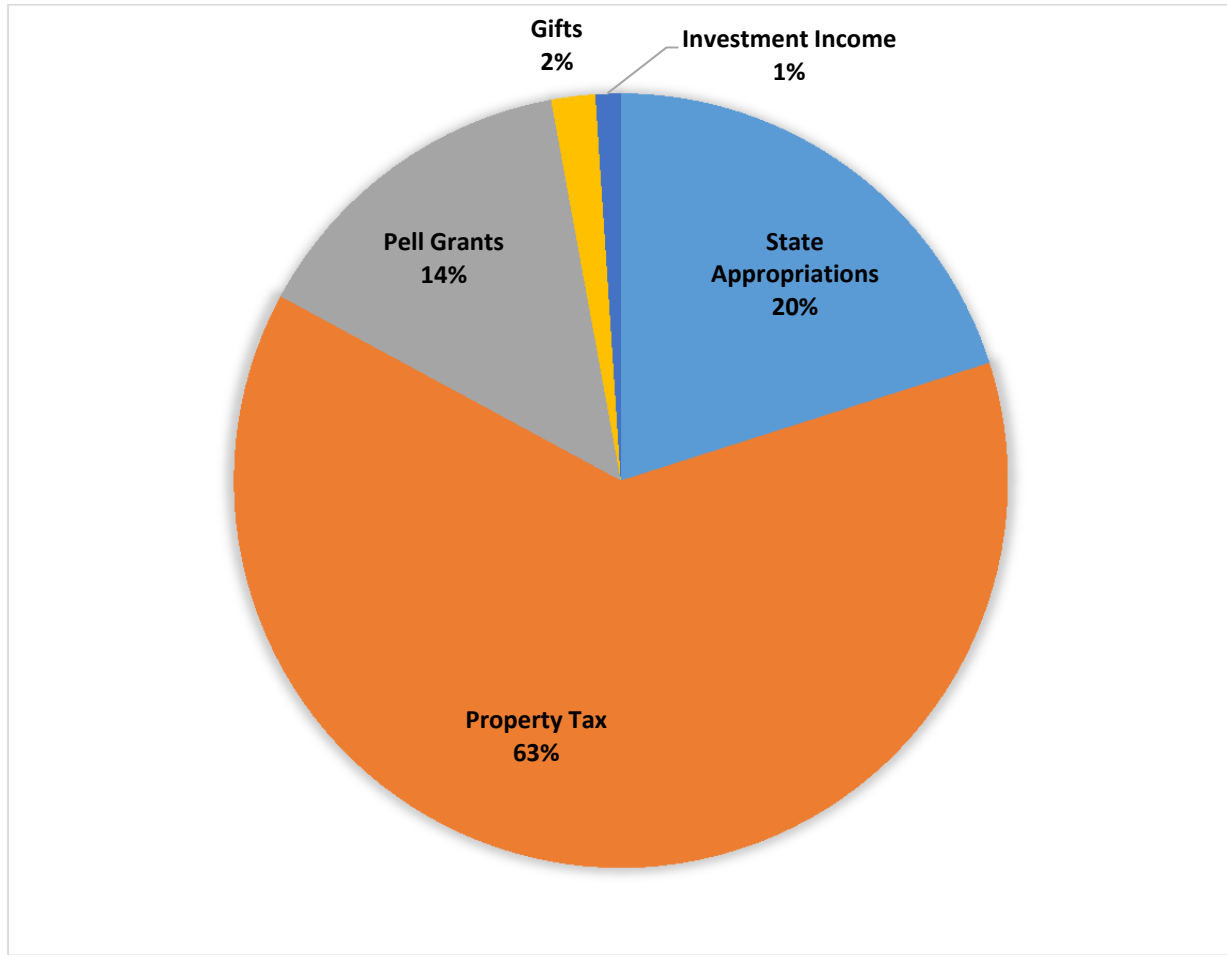


Non-operating revenue changes were the result of the following factors:

- Total state appropriations to the College increased over the last two years. However, most of the state aid increases are allocations for the MPSERS unfunded pension liability obligations, and are paid back to the State.
- Property tax revenue increased due to an increase in taxable property values and new construction.
- Pell grants have been decreasing due to a decline in the number of eligible students due to the enrollment decline.

Management's Discussion and Analysis

The following chart is representative of non-operating revenues by source for the year ended June 30, 2015:



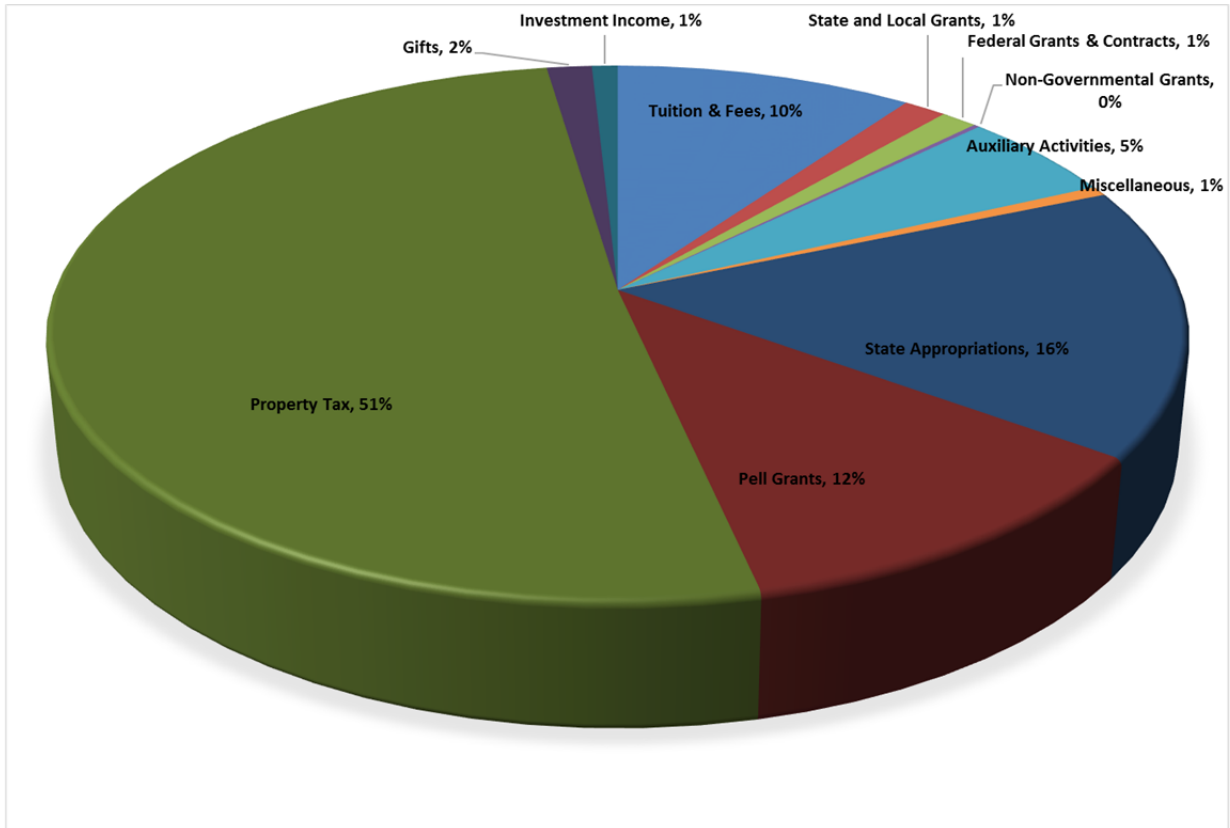


Management's Discussion and Analysis

Revenue Summary

Total revenue for the year ended June 30, 2015 was \$17,463,943, a slight decrease from 2014 total revenue of \$17,554,971 and 2013 total revenue of \$17,449,782.

The following pie chart illustrates the breakdown of total revenues by source for the year ended June 30, 2015:





Management’s Discussion and Analysis

Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash disbursements of the College during the fiscal year. The Statement of Cash Flows may also help users assess:

- The College’s ability to generate future net cash flows
- The College’s ability to meet obligations as they come due
- The College’s need for external financing

Following is a comparison of the major components of the cash flows of the College as of June 30:

Cash Flows for the Years Ended June 30 (in thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash Provided (Used) by:			
Operating Activities	(12,037)	(11,660)	(11,863)
Noncapital Financing Activities	11,202	11,653	11,322
Capital and Related Financing Activities	1,790	2,043	2,190
Investing Activities	(2,995)	822	(2,393)
Net Increase (Decrease) in Cash	<u>\$ (2,040)</u>	<u>\$ 2,858</u>	<u>\$ (744)</u>
Cash and Cash Equivalents at beginning of year	\$ 5,257	\$ 2,399	\$ 3,143
Cash and Cash Equivalents at end of year	<u>\$ 3,216</u>	<u>\$ 5,257</u>	<u>\$ 2,399</u>

Overall the College’s 2015 year end cash position decreased by \$2,040,420. Operating activities had increased payments to employees offset by lower payments to suppliers. Most revenue generating activities in operating activities (tuition and fees, grants and contracts, and auxiliary enterprise charges) had a decrease mainly due to lower enrollments leading to a decreased cash outflow for the year. Noncapital financing activities had decreased receipts from Pell grants due to lower enrollments which attributed to the bulk of the decreased cash flow in this category. One major building project, the Recreation Center locker room renovation, was completed in 2015, accounting for a decrease in the cash provided by capital and related financing activities. The College increased certificate of deposit holdings in 2015 by \$3.3 million, increasing the cash used in investing activities over that of 2014. More detailed information about the College’s cash flow is presented in the financial statements.



Management's Discussion and Analysis

Capital Assets

At June 30, 2015, the College had \$26.1 million invested in capital assets, net of accumulated depreciation of \$17.3 million. Depreciation charges totaled \$1,311,269 for the year ended June 30, 2015. Details of these assets at June 30 are shown in the following table.

Capital Assets as of June 30 (in thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Land and Land Improvements	\$ 2,341	\$ 2,341	\$ 3,052
Buildings and Improvements	37,754	36,953	36,455
Furniture, Fixtures, and Equipment	2,566	2,461	5,401
Library Materials	513	488	475
Artwork	180	180	180
Construction in Progress	-	62	13
	<hr/>	<hr/>	<hr/>
Total	\$ 43,354	\$ 42,485	\$ 45,576
	<hr/>	<hr/>	<hr/>
Less: Accumulated Depreciation	(17,294)	(16,118)	(18,552)
	<hr/>	<hr/>	<hr/>
Net Capital Assets	<u>\$ 26,060</u>	<u>\$ 26,367</u>	<u>\$ 27,024</u>

During 2015, the College completed the Recreation Center locker room remodeling project for \$893,000. More detailed information about the College's capital assets is presented in the footnotes to the financial statements.



Management's Discussion and Analysis

Economic Factors That Will Affect the Future

The economic position of the College is closely tied to that of the State.

The Michigan economy, as measured by inflation-adjusted personal income, is estimated to grow 5.0% in 2015 (which includes an extra push from a negative inflation rate), 2.6% in 2016, and 1.9% in 2017, after rising 2.9% in 2014. Wage and salary employment is predicted to continue growing, increasing 1.5% during 2015, 0.9% in 2016, and 0.7% in 2017.

In Michigan, both job growth and personal income growth are expected to remain below the national average (despite outperforming the national average in both 2010 and 2011) and the historical State average. After increasing by 2.9% during 2014, inflation-adjusted personal income is projected to increase 5.0% in 2015, and then grow more slowly, rising 2.6% in 2016 and 1.9% in 2017. Payroll employment is expected to increase 1.5% in 2015, slightly less than the 1.7% growth in 2014, and then increase more slowly, rising 0.9% in 2016 and 0.7% in 2017.

The unemployment rate declined from a high of 14.2% in August 2009 to 5.6% in March 2015, although the decline was partially attributable to the departure of approximately 163,200 individuals from the labor force in addition to the employment gain of 285,000 jobs. The bulk of the employment gain has occurred since early 2014, with March 2015 employment 139,750 jobs above the level in September 2013.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW FY 2014-15, FY 2015-16, and FY 2016-17 Senate Fiscal Agency, State of Michigan

Due to the economy of Michigan and the many budgetary demands within the State, the College expects to see the slight increases in community college appropriations as experienced in the years displayed in this analysis. Similarly, the College expects to see similar growth in property tax revenues as also recently experienced.

The College's enrollment levels are back to historical levels prior to the enrollment growth spurred by the recession of 2009. As with most community colleges across the state and country, the College is experiencing declining enrollment due to low unemployment rates. A decline in the Michigan and local population also contributes to lower enrollments.

The College is self-funded for employee healthcare costs. The College continues to promote a Health and Wellness program for its employees in an effort to reduce the impact of increasing healthcare costs. Employee contributions toward health benefit costs have increased significantly over the past few years with the enactment of Public Act 152 of 2011. Healthcare cost escalation for the College has trended lower than national averages but is anticipated to substantially increase as the Affordable Care Act continues to be implemented.

A capital millage was renewed in 2015 for an additional ten years. The capital millage brings in over \$2.8 million annually for equipment, technology, deferred maintenance and capital projects. The ability of the College to address deferred maintenance with capital millage funds has allowed the College to keep buildings up to exceptional standards and make improvements of physical space and energy efficiencies for operational savings. Additionally, through these dollars, major construction projects to date have been completed free of debt.



Management's Discussion and Analysis

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires the College to record its share of the MPSERS unfunded retiree healthcare obligation/liability. GASB 75 will be effective for the FY18 fiscal year, starting July 1, 2017. The effect of GASB 75, estimated by management to be \$9-\$10M, will be similar to the effect of GASB 68 as seen within this discussion and analysis.

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

November 10, 2015

To the Board of Trustees
West Shore Community College
Scottville, Michigan

Report on the Financial Statements

We have audited the accompanying business-type activities and the discretely presented component unit of **West Shore Community College** (the "College") as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of **West Shore Community College** as of June 30, 2015 and 2014, and the respective results of their operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 68

As described in Notes 1 and 5, the College implemented the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* in the current year. Accordingly, beginning net position of business-type activities as of July 1, 2014 was restated. Application of this new standard to July 1, 2013, the earliest year presented, is not practical as complete information is not available. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated November 10, 2015, on our consideration of **West Shore Community College's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



FINANCIAL STATEMENTS

WEST SHORE COMMUNITY COLLEGE

STATEMENTS OF NET POSITION

	June 30	
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,216,473	\$ 5,256,893
State appropriation receivable	516,036	470,886
Accounts receivable, net	278,072	253,412
Property taxes receivable	38,118	-
Federal and state grants receivable	96,273	31,974
Inventories	199,688	212,859
Prepaid expenses	16,854	21,596
Due from College Foundation	51,956	84,119
Total current assets	4,413,470	6,331,739
Noncurrent assets:		
Investments	14,637,923	11,342,896
Note receivable - College Foundation	-	150,000
Capital assets not being depreciated	277,000	339,189
Capital assets being depreciated, net	25,783,054	26,028,022
Total noncurrent assets	40,697,977	37,860,107
Total assets	45,111,447	44,191,846
Deferred outflows of resources		
Deferred pension amounts	1,625,635	-
Liabilities		
Current liabilities:		
Accounts payable	333,425	305,788
Accrued payroll and other liabilities	1,836,082	1,903,154
Deposits	86,615	84,167
Unearned revenue	94,578	131,462
Total current liabilities	2,350,700	2,424,571
Noncurrent liabilities:		
Net pension liability	12,376,693	-
Total liabilities	14,727,393	2,424,571
Deferred inflows of resources		
Deferred pension amounts	1,368,397	-
Net position		
Net investment in capital assets	26,060,054	26,367,211
Restricted for:		
Nonexpendable scholarships	415,503	415,003
Expendable student loans	82,256	81,533
Expendable scholarships	66,525	101,774
Expendable capital projects	10,841,795	9,538,441
Unrestricted (deficit) (Notes 1 and 5)	(6,824,841)	5,263,313
Total net position	\$ 30,641,292	\$ 41,767,275

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

WEST SHORE COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year Ended June 30	
	2015	2014
Operating revenues		
Tuition and fees, net of scholarship allowance of \$1,374,000 in 2015 and \$1,518,000 in 2014	\$ 1,724,575	\$ 1,818,161
Federal grants and contracts	212,441	211,013
State and local grants and contracts	249,538	187,583
Non governmental grants	33,973	30,800
Auxiliary enterprises, net of scholarship allowance of \$290,000 in 2015 and \$458,000 in 2014	936,321	979,900
Miscellaneous	78,402	27,551
Total operating revenues	3,235,250	3,255,008
Operating expenses		
Instruction	4,787,891	4,535,556
Public service	353,145	378,308
Instructional support	1,615,128	1,388,470
Student services	3,621,511	4,276,651
Institutional administration	2,658,078	2,776,201
Operations and maintenance of plant	2,017,803	1,852,445
Depreciation	1,311,269	1,273,252
Total operating expenses	16,364,825	16,480,883
Operating loss	(13,129,575)	(13,225,875)
Nonoperating revenues (expenses)		
State appropriations	2,852,211	2,610,425
Property taxes	8,924,310	8,793,547
Pell grants	2,020,118	2,559,383
Gifts	260,940	272,765
Investment income	149,464	135,210
Miscellaneous income (expense)	21,650	(71,367)
Nonoperating revenues, net	14,228,693	14,299,963
Increase in net position	1,099,118	1,074,088
Net position - beginning of year	41,767,275	40,693,187
Implementation of GASB 68 (Notes 1 and 5)	(12,225,101)	-
Net position, beginning of year	29,542,174	40,693,187
Net position, end of year	\$ 30,641,292	\$ 41,767,275

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

WEST SHORE COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2015	2014
Cash flows from operating activities		
Tuition and fees	\$ 1,663,031	\$ 1,902,181
Grants and contracts	431,653	598,324
Payments to suppliers	(3,207,669)	(3,320,658)
Payments to employees	(11,938,444)	(11,847,037)
Auxiliary enterprise charges	936,321	979,900
Other	78,402	27,551
Net cash used in operating activities	(12,036,706)	(11,659,739)
Cash flows from noncapital financing activities		
Property taxes - operations	6,114,081	6,170,029
Pell grants	2,020,118	2,559,383
State appropriations	2,807,061	2,651,290
Federal direct lending receipts	808,016	1,480,373
Federal direct lending disbursements	(808,016)	(1,480,373)
Gifts and contributions for other than capital purposes	260,940	272,765
Net cash provided by noncapital financing activities	11,202,200	11,653,467
Cash flows from capital and related financing activities		
Property taxes - capital	2,772,111	2,730,555
Proceeds from sale of capital assets	21,650	-
Purchase of capital assets	(1,004,112)	(688,045)
Net cash provided by capital and related financing activities	1,789,649	2,042,510
Cash flows from investing activities		
Proceeds from sales of investments	2,031,991	812,198
Reinvestment of earnings	(31,991)	(125,420)
Investment income	149,464	135,210
Purchase of investments	(5,295,027)	-
Collection of note receivable - College Foundation	150,000	-
Net cash (used in) provided by investing activities	(2,995,563)	821,988
Net (decrease) increase in cash and cash equivalents	(2,040,420)	2,858,226
Cash and cash equivalents at beginning of year	5,256,893	2,398,667
Cash and cash equivalents at end of year	\$ 3,216,473	\$ 5,256,893

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

WEST SHORE COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS – CONCLUDED

	Year Ended June 30	
	2015	2014
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (13,129,575)	\$ (13,225,875)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,311,269	1,273,252
Change in operating assets and liabilities which provided (used) cash:		
Accounts receivable, net	(24,660)	62,228
Federal and state grants receivable	(64,299)	168,928
Inventories	13,171	(47,304)
Prepaid expenses	4,742	1,053
Due from College Foundation	32,163	(32,163)
Accounts payable	27,637	26,300
Accrued payroll and other liabilities	(67,072)	90,800
Deposits	2,448	1,250
Unearned revenue	(36,884)	21,792
Change in net pension liability and deferred amounts	(105,646)	-
Net cash used in operating activities	\$ (12,036,706)	\$ (11,659,739)

Supplemental cash flows information

Non-cash financing activities

The College purchased property and equipment during 2015 and 2014 which included a trade-in value of \$28,600 and \$32,000, respectively.

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

WEST SHORE COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF FINANCIAL POSITION

	June 30	
	2015	2014
ASSETS		
Investments	\$ 4,225,367	\$ 3,881,132
Pledges receivable, net	712,568	946,244
Land held for investment	550,000	1,338,956
Total assets	\$ 5,487,935	\$ 6,166,332
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 3,300	\$ 3,200
Due to West Shore Community College	51,956	84,119
Note payable to West Shore Community College	-	150,000
Total liabilities	55,256	237,319
Net assets		
Unrestricted	834,265	1,566,403
Temporarily restricted	1,072,697	902,101
Permanently restricted	3,525,717	3,460,509
Total net assets	5,432,679	5,929,013
Total liabilities and net assets	\$ 5,487,935	\$ 6,166,332

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

WEST SHORE COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF ACTIVITIES

	Year Ended June 30	
	2015	2014
Revenues, support and gains		
Contributions	\$ 251,688	\$ 234,604
Personnel services received from West Shore Community College	82,000	119,000
Interest and dividends	176,618	157,057
Net gain on investments	59,169	355,016
Total revenues, support and gains	569,475	865,677
Expenses		
Distributions to West Shore Community College	174,107	150,927
General administration	57,640	28,618
Development and fundraising	45,106	162,604
Impairment loss on land held for investment	788,956	-
Total expenses	1,065,809	342,149
Change in net assets	(496,334)	523,528
Net assets at beginning of year	5,929,013	5,405,485
Net assets at end of year	\$ 5,432,679	\$ 5,929,013

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

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

Reporting Entity

West Shore Community College (the “College”) is a Michigan community college whose 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 (GASB) Statement No. 35, *Basic Financial Statements - and Management’s Discussion and Analysis - for Public Colleges and Universities*, and the Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001.

West Shore Community College, established in 1967, is located near Scottville, Michigan. The College provides educational services to residents of Manistee and Mason Counties as well as portions of Lake, Oceana, and Newaygo Counties. A seven-member Board, which is elected by residents of the aforementioned counties who are located within the College’s District, governs the College.

The accompanying financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the College has one component unit.

Discretely Presented Component Unit

The West Shore Community College Foundation (the “Foundation”) is a not-for-profit corporation formed to solicit, collect, and invest donations made for the promotion of educational activities at the College. The Foundation is a discretely presented component unit reported in separate statements within these financial statements to emphasize that it is legally separate from the College. (See Note 10 for additional information.)

Although the College does not necessarily control the timing or amount of receipts from the Foundation, the majority of resources, or income earned thereon, and the Foundation’s holdings and investments are restricted by the donors to the activities of the Foundation. The Foundation is a discretely presented component unit of the College because the Foundation’s Board of Directors does not consist substantially of members who are also the College’s Board of Trustees. Additionally, the restricted resources held by the Foundation can be used only by, or for the benefit of, the College.

New Accounting Pronouncement

As of July 1, 2014, the College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement requires that the College recognize a net pension liability on the statement of net position, equal to the College’s proportionate share of the net pension liability of the Michigan Public School Employees Retirement System (MPERS), as defined and calculated in accordance with the new standard. More detailed information can be found in Note 5. As a result of this change, the College recognized a net pension liability of \$13,166,336 and deferred outflows of resources of \$941,235, which resulted in a decrease in net position of \$12,225,101 as of July 1, 2014. Application of this new standard to July 1, 2013, the earliest year presented, is not practical as complete information is not available.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by the College are described below to enhance the usefulness of the financial statements to the reader:

Accrual Basis

The financial statements have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when the related liabilities are incurred and certain measurement and matching criteria are met. The College follows all applicable GASB pronouncements.

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 consist of certificates of deposit and money market accounts. Investments are recorded at fair value, based on quoted market prices. They earn interest at rates ranging from 1.0% to 1.8% and the certificates of deposit mature at various dates through July 2019.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense when necessary and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The accounts receivable allowance at June 30, 2015 and 2014 was \$77,500.

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out method. The inventory consists of food and supplies for food service, books and supplies for the bookstore and supplies for the ice arena pro-shop.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the fiscal year end are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Capital Assets and Depreciation

Capital assets are recorded at cost or, if acquired by gift, at the fair market value as of the date of donation. Capital assets are assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Library materials are recorded at cost at date of acquisition. Depreciation is provided for capital assets on a straight-line basis of the estimated useful life of the assets.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The following estimated useful lives are used to compute depreciation:

Land improvements	15-20 years
Buildings and improvements	10-50 years
Furniture, fixtures and equipment	3-15 years
Library materials	5 years

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports deferred outflows of resources for certain pension-related amounts, such as change in expected and actual experience, changes in assumptions, and certain contributions made to the plan subsequent to the measurement date. More detailed information can be found in Note 5.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resource for certain pension-related amounts, such as the difference between projected and actual earnings of the pension plan's investments. More detailed information can be found in Note 5.

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 Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Revenue Recognition

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

The College does not recognize as revenue sources held for others, such as Federal Direct Loans, where the institution serves only as a conduit.

Operating revenues of the College consist of tuition and fees, grants and contracts, facility rentals, and auxiliary enterprise revenues. Transactions related to capital and financing activities, noncapital financing activities, investing activities, state appropriations, and property taxes are components of nonoperating and other revenues. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy expenses.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Unearned Revenues

Unearned revenue at June 30, 2015 and 2014, consists of revenues received prior to year end that are related to the next fiscal period. The \$94,578 balance at June 30, 2015, includes \$92,895 of unearned revenue on the summer semester which began on June 1, 2015, and ended on July 24, 2015. The \$131,462 balance at June 30, 2014, includes \$129,772 of unearned revenue on the summer semester which began on June 3, 2014, and ended on July 26, 2014.

Gifts

Gifts are recorded when received and pledges are recorded when it is determined that the gift is probable of collection at its net present value.

Internal Service Activities

Both revenue and expenses related to internal service activities including office equipment, telecommunications, and institutional computing have been eliminated.

Compensated Absences

Compensated absences represent the accumulated liability to be paid under the College's vacation pay and compensatory time policy. Under the College's policy, employees earn sick and vacation time based on time of service with the College. Compensatory time is based on hours worked in excess of a regular work week.

Property Taxes

The College's property tax is levied and becomes a lien on July 1 and December 1, based on the assessed value listed as of the prior December 31. Local governmental units within the College's District collect and remit taxes until March 1, at which time the uncollected real property taxes are turned over to the County as delinquent. Delinquent real property taxes are funded by County bond issues and remitted to the College. Delinquent personal property taxes are recorded as revenue when received.

Restricted Net Position

Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the Board. Funds held by the College for restricted purposes were \$11,406,079 and \$10,136,751 at June 30, 2015 and 2014, respectively.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include but are not limited to the accounts receivable allowance, net pension liability, and deferred outflows and inflows related to pension amounts.

Reclassifications

Certain 2014 amounts have been reclassified to conform to the 2015 presentation.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

3. CASH AND CERTIFICATES OF DEPOSIT

As of June 30, 2015 and 2014, all deposits with financial institutions consist of money market and depository accounts.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The College has a formal investment policy; however, it does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper and corporate bonds to the two highest classifications issued by nationally recognized statistical rating organizations. The College has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The College does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the College's investment in a single issuer. By diversifying the investment portfolio, the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2015 and 2014, \$310,908 and \$400,628, respectively, of the College's bank balance of \$17,955,567 and \$16,681,148 was exposed to custodial credit risk because it was either uninsured or not collateralized with securities held by the pledging financial institution's trust department or agent, in the College's name.

Custodial Credit Risk - Investments

State law does not require and the College does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign Currency Risk

The College is not authorized by state law to invest in investments which have this type of risk.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS, NET

Capital asset activity for the years ended June 30 was as follows:

	Balance July 1, 2014	Additions	Transfers and Retirements	Balance June 30, 2015
Capital assets, not being depreciated				
Land	\$ 97,000	\$ -	\$ -	\$ 97,000
Artwork	180,000	-	-	180,000
Construction in progress	62,189	-	(62,189)	-
Subtotal capital assets, not being depreciated	339,189	-	(62,189)	277,000
Capital assets, being depreciated				
Land improvements	2,244,387	-	-	2,244,387
Buildings and improvements	36,952,472	892,980	(91,742)	37,753,710
Furniture, fixtures and equipment	2,461,094	154,650	(50,047)	2,565,697
Library materials	487,868	25,622	-	513,490
Subtotal capital assets, being depreciated	42,145,821	1,073,252	(141,789)	43,077,284
Total	42,485,010	1,073,252	(203,978)	43,354,284
Less accumulated depreciation				
Land improvements	719,844	107,999	-	827,843
Buildings and improvements	13,632,573	905,216	(91,742)	14,446,047
Furniture, fixtures and equipment	1,304,515	289,696	(43,096)	1,551,115
Library materials	460,867	8,358	-	469,225
Total accumulated depreciation	16,117,799	\$ 1,311,269	\$ (134,838)	17,294,230
Total capital assets, being depreciated, net	26,028,022			25,783,054
Capital assets, net	\$ 26,367,211			\$ 26,060,054

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

	Balance July 1, 2013	Additions	Transfers and Retirements	Balance June 30, 2014
Capital assets, not being depreciated				
Land	\$ 97,000	\$ -	\$ -	\$ 97,000
Artwork	180,000	-	-	180,000
Construction in progress	<u>13,097</u>	<u>62,189</u>	<u>(13,097)</u>	<u>62,189</u>
Subtotal capital assets, not being depreciated	<u>290,097</u>	<u>62,189</u>	<u>(13,097)</u>	<u>339,189</u>
Capital assets, being depreciated				
Land improvements	2,955,525	-	(711,138)	2,244,387
Buildings and improvements	36,454,973	497,499	-	36,952,472
Furniture, fixtures and equipment	5,400,846	170,988	(3,110,740)	2,461,094
Library materials	<u>474,511</u>	<u>13,357</u>	<u>-</u>	<u>487,868</u>
Subtotal capital assets, being depreciated	<u>45,285,855</u>	<u>681,844</u>	<u>(3,821,878)</u>	<u>42,145,821</u>
Total	<u>45,575,952</u>	<u>744,033</u>	<u>(3,834,975)</u>	<u>42,485,010</u>
Less accumulated depreciation				
Land improvements	1,317,017	113,965	(711,138)	719,844
Buildings and improvements	12,776,750	855,823	-	13,632,573
Furniture, fixtures and equipment	4,002,617	298,380	(2,996,482)	1,304,515
Library materials	<u>455,783</u>	<u>5,084</u>	<u>-</u>	<u>460,867</u>
Total accumulated depreciation	<u>18,552,167</u>	<u>\$ 1,273,252</u>	<u>\$ (3,707,620)</u>	<u>16,117,799</u>
Total capital assets, being depreciated, net	<u>26,773,688</u>			<u>26,028,022</u>
Capital assets, net	<u>\$ 27,023,785</u>			<u>\$ 26,367,211</u>

Several of the buildings on campus were financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by pledge rentals to be received from the State of Michigan pursuant to a lease agreement entered into among the SBA, the State of Michigan, and the College. During the lease term, the SBA will hold title to the buildings, the State of Michigan will make all lease payments to the SBA, and the College will be responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer title of the buildings to the College.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

5. RETIREMENT PLANS

Defined Benefit Plan

Plan Description. The College contributes to the Michigan Public School Employees Retirement System (MPSERS), a cost-sharing multi-employer pension plan administered by the State of Michigan Department of Technology, Management and Budget, Office of Retirement Services with oversight from a 12-member board. Benefit provisions are established and may be amended by state statute. The Office of Retirement Services issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees' Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan, 48909 or by calling (517) 322-5103.

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the pension plans offered by MPSERS is as follows:

Plan Name	Plan Type	Plan Status
Member Investment Plan (MIP)	Defined Benefit	Closed
Basic	Defined Benefit	Closed
Pension Plus	Hybrid	Open
Defined Contribution	Defined Contribution	Open

The *Member Investment Plan (MIP)* includes additional subgroups based on hire date. The *MIP Fixed* plan includes members hired prior to January 1, 1990. The *MIP Graded* plan includes members first hired from January 1, 1990 through June 30, 2008. The *MIP Plus* plan includes members first hired from July 1, 2008 through June 30, 2010. Members who initially enrolled in the MIP plan and made a voluntary election to contribute a higher rate are participants in the *MIP 7%* plan.

Members hired between July 1, 2010 and September 3, 2012 were enrolled in the *Pension Plus* plan. Members hired on or after September 4, 2012 are automatically enrolled in this plan unless an election is made to participate in the defined contribution plan. The plan includes a pension component as well as a savings component. Member contributions to the savings component are match at a rate of 50% by the employer (up to a maximum of 1%) and invested in a 401(k) plan.

Effective February 1, 2013, members that initially enrolled in MIP were provided the option to convert to a defined contribution plan (*Basic 4%*). In these instances, any service credit accumulated under the defined benefit plan before February 1, 2013 is retained. For service performed after this date, the converted plan member receives 4% employer contributions to a personal 401(k) account.

A member first enrolling in MPSERS on or after September 4, 2012 may elect to enroll in the *defined contribution* plan. Employer and employee contribution rates and vesting requirements are consistent with the defined contribution component of the Pension Plus plan as described above.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Benefits Provided. MPSERS provides retirement, death, disability and postemployment benefits to eligible participants. Retirement benefits are calculated as a percentage of the employee's final average compensation times the employee's years of service. All participants qualify for a benefit multiplier of 1.5% for the first 30 years of service. Certain benefit groups receive a reduced rate of 1.25% for service above 30 years. Disability benefits are calculated the same as regular service retirement. Participants are eligible to receive full retirement benefits upon reaching the age and years of service requirements below. Most plans offer additional options for early retirement if certain stipulations have been met. Voluntary contributions vest immediately.

Plan	Eligibility Based on Years of Service	Vesting
Member Investment Plan (MIP)	Age 46 with 30 years or age 60 with 10 years	10 years
Basic	Age 55 with 30 years or age 60 with 10 years	10 years
Pension Plus	Age 60 with 10 years	4 years
Defined Contribution	Age 46 with 30 years or age 60 with 10 years	4 years

Contributions. Employer contributions to the plans are based on a percentage of covered payroll that has been actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Member contributions are determined based on date of hire and the plan selected. In addition, the College is invoiced monthly an amount that approximates 7.63% of covered payroll for "MPSERS UAAL Stabilization."

This additional contribution is offset by monthly State aid payments equal to the amounts actually billed by the Office of Retirement Services. Employer contribution requirements for pension, inclusive of the MPSERS UAAL Stabilization, range from 27.52% to 31.83% of covered payroll. Plan member contributions range from 0.0% to 7.0% of covered payroll.

The College's contributions to MPSERS under all pension plans described above were \$1,341,962 for the year ended June 30, 2015. The College's contributions to MPSERS for all plans, including other postemployment benefits as described on page 34, for the years ended June 30, 2014 and 2013 were \$1,494,000 and \$1,187,000, respectively. These amounts are equal to the College's required contributions for each year.

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

At June 30, 2015, the College reported a liability of \$12,376,693 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2013, rolled forward to that date. The College's proportion of the net pension liability was based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the College's proportion (as calculated by MPSERS) was 0.05619%.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2015, the College recognized pension expense of \$1,002,499. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

2015	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	\$ 456,652	\$ -	\$ 456,652
Net difference between projected and actual earnings on pension plan investments	-	1,368,183	(1,368,183)
Changes in proportionate share	<u>-</u>	<u>214</u>	<u>(214)</u>
	456,652	1,368,397	(911,745)
College contributions subsequent to measurement date	<u>1,168,983</u>	<u>-</u>	<u>1,168,983</u>
Total	<u>\$ 1,625,635</u>	<u>\$ 1,368,397</u>	<u>\$ 257,238</u>

The amount of deferred outflows of resources related to College contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to its pension will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2016	\$ (223,358)
2017	(223,358)
2018	(223,358)
2019	<u>(241,671)</u>
Total	<u>\$ (911,745)</u>

Actuarial Assumptions. The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.5%
Salary increases	3.5% to 12.3%, including wage inflation of 3.5%
Investment rate of return	8% (7% for the Pension Plus plan), net of pension plan investment plan expense, including inflation
Cost of living adjustments	3.0% annual, non-compounded for MIP members
Healthcare cost trend rate	8.5% year 1 graded to 3.5% year 12

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The mortality table used in this valuation was the RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate 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 table below.

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

Discount Rate. The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that College contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of 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.

WEST SHORE COMMUNITY COLLEGE

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, calculated using the discount rate of 8.0%, as well as what the College’s net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
College’s proportionate share of the net pension liability	\$ 16,316,815	\$ 12,376,693	\$ 9,055,996

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan. At June 30, 2015, the College reported a payable of \$0 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2015.

Other Postemployment Benefits

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

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

The College’s contributions to MPSERS for other postemployment benefits amounted to \$318,315 for the year ended June 30, 2015.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Defined Contribution Plan - Employee Retirement System

Public Act 75 of 2010 established the Pension Plus Plan which provides all individuals hired on or after July 1, 2010, with a combined Defined Benefit and Defined Contribution benefit structure. Any member of MPSERS who became a member of MPSERS on or after July 1, 2010 is a Pension Plus member. The plan is administered by the MPSERS Board of Trustees and the contribution requirements of plan members and the College are established and may be amended by the MPSERS Board of Trustees.

Employees under the Pension Plus Plan are automatically enrolled in the defined contribution component of the plan with a default employee contribution rate of 2% of the employee's pay. Employees may increase their personal contribution up to the annual IRS limit or can elect out of contributing. The College is required to match 50% of the employee contribution up to 1% of the employee's pay. For the years ended June 30, 2015 and 2014, the College and employee contributions were approximately \$30,000 and \$39,000 and \$23,000 and \$28,000, respectively.

Defined Contribution Plan - Optional Retirement Plan

The College also offers an Optional Retirement Plan (ORP) administered by Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). The ORP is available for all full-time faculty and salaried administrative staff. Upon eligibility to participate in the ORP, employees have 90 days in which to elect participation in either the ORP or the MPSERS plan.

The ORP is a non-voluntary defined-contribution plan in which the College contributes 11.0% and the employee contributes 4.0% of the participating employee's includible compensation. Participants are immediately 100% vested in all ORP contributions. Participating employees elect their own allocation of contributions among the available investment vehicles offered by TIAA-CREF. ORP retirement benefits are based on the accumulation of contributions and the related investment income for each participant. Distributions of retirement benefits are available under the ORP when participants attain age 55. At June 30, 2015 and 2014, the College had 19 plan participants. The College's contributions to the ORP plan for the years ended June 30, 2015 and 2014, were approximately \$175,000 and \$181,000, respectively.

6. POST-EMPLOYMENT HEALTH CARE PLAN

Plan Description

Pursuant to an employment contract, a certain employee was eligible to receive post-retirement health benefits from the College under a Post-Retirement Health Benefit Plan (Plan). Health benefits were to be provided under the contract over the life expectancy of the employee and his spouse.

Funding Policy

Retirees are not required to contribute to the Plan. The College funds the Plan on a pay-as-you-go basis.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Annual OPEB Cost and Net OPEB Obligation

During the year, the Plan was modified. As part of this Plan modification, the employee received a lump-sum payment in February 2015 in the amount of \$184,500 to settle all future claims relating to the Plan. The lump-sum amount was actuarially determined using assumptions such as mortality and health care cost trends. The amount of \$184,500 was accrued as of June 30, 2014, and included in accrued payroll and other liabilities in the accompanying 2014 statement of net position.

7. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the College carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The College participates in the Michigan Community College Risk Management Authority (risk pool) for claims relating to general and auto liability, motor vehicle physical damage, and property. Member contributions, which provide for losses incurred, reinsurance premiums, and risk management fees are allocated according to the actual costs incurred for each member. A member stop-loss fund provides for losses exceeding \$15,000 per occurrence or \$45,000 in the aggregate, on a year-to-year basis from the fund. Reinsurance agreements provide for loss coverage in excess of the amounts to be retained by the members. The risk pool provides for withdrawal from membership at the end of any anniversary year.

8. SEPARATION RECOGNITION PLAN

Effective in prior years, members of the Faculty Association group, the Support Staff and Administrative groups were entitled to participate in the College's Separation Recognition Program. Participants must be age forty-six years and have at least ten years of service to the College. The base entitlement is equal to 10% of the current Ph.D. maximum base salary as defined in the current Master Agreement between the West Shore Community College Faculty Association and the College. In addition to the base entitlement, the participant shall also be entitled to an additional 1% of the same Ph.D. maximum, for each full year of service in excess of ten years to a maximum of 30% including the base entitlement.

For the years ended June 30, 2015 and 2014, \$682,797 and \$629,097 of wages and \$52,234 and \$48,126 of FICA, respectively, were accrued for all those currently eligible for the benefit and is included in accrued payroll and other liabilities in the accompanying statements of net position.

9. COMMITMENTS AND CONTINGENCIES

Mason County, Michigan built the West Shore Community Ice Arena, which opened in August 2002, on College property. The College has entered into a land lease and an operating lease with the County for the building site and operation of the 36,000 square feet ice arena. The land lease and the operating lease are unconditional leases each for a period of 50 years. At the end of the lease term, the property will revert back to the College.

WEST SHORE COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The College entered into a 25 year lease, ending July 2031, for an educational facility constructed at the West Shore Medical Center in Manistee. The lease gives the College the right to use the Education Center on a scheduled basis throughout the year. The lease requires the College to pay for a percentage of the operating costs of the facility. The College began occupying the Education Center in August 2007 for Fall college classes.

10. FOUNDATION

The West Shore Community College Foundation was established in 1971 for the purpose of:

- a) Securing gifts of property, works of art, historical papers, etc.
- b) Fundraising by means of gifts, grants and bequests for a broad variety of purposes, such as establishment of endowments, scholarships, and cultural events.
- c) Acting in the capacity of a fiduciary or trustee in carrying out these purposes and objectives.

On June 18, 2007, the College approved a loan of College funds to the Foundation in the amount of \$5,500 per month plus travel for up to 24 months, not to exceed \$150,000. As of June 30, 2014, the Foundation had borrowed \$150,000 from the College. In December 2014, the Foundation paid off the loan to the College in full.

Separate financial statements are issued for the Foundation that are prepared in accordance with the accounting standards established by the Financial Accounting Standards Board. The management of the College should be contacted for copies of the Foundation's audit report.

11. SELF-INSURANCE

The College has a self-insured medical reimbursement plan for eligible administrators and support staff. In general, the College is liable for benefits up to \$50,000 per contract; a family unit is considered one contract. Additionally, the College has stop-loss coverage if claims in the aggregate exceed \$1,250,254 per contract year. Benefit payments in excess of \$50,000 per contract or \$1,250,254 in aggregate are payable by an insurance company.

The College utilizes Blue Cross Blue Shield of Michigan (BCBSM) to administer benefits payable under this plan. Medical claim reimbursement payments to BCBSM including administrative fees and stop-loss insurance premiums totaled \$1,234,513 and \$1,203,377 of expense for the years ended June 30, 2015 and 2014, respectively.

As of June 30, 2015 and 2014, the liability for claims incurred but not reported by BCBSM is not material.



**REQUIRED SUPPLEMENTARY INFORMATION
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN**

WEST SHORE COMMUNITY COLLEGE

■ SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY YEAR ENDED JUNE 30, 2015

College's proportion of the net pension liability	0.05619%
College's proportionate share of the net pension liability	\$ 12,376,693
College's covered-employee payroll	4,795,073
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	258.11%
Plan fiduciary net position as a percentage of the total pension liability	66.20%

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

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

WEST SHORE COMMUNITY COLLEGE

■ SCHEDULE OF COLLEGE CONTRIBUTIONS YEAR ENDED JUNE 30, 2015

Contractually required contribution	\$ 1,341,962
Contributions in relation to the contractually required contribution	<u>(1,341,962)</u>
Contribution deficiency (excess)	<u>\$ -</u>
College's covered-employee payroll	\$ 4,830,446
Contributions as a percentage of covered employee payroll	27.78%

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

SUPPLEMENTARY INFORMATION

WEST SHORE COMMUNITY COLLEGE

COMBINING STATEMENT OF NET POSITION JUNE 30, 2015

	Combined Total	General Fund	Auxiliary Activities Fund	Pension Liability Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Agency Fund	Endowment Fund
Assets									
Current assets:									
Cash and cash equivalents	\$ 3,216,473	\$ 3,215,028	\$ 1,445	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State appropriation receivable	516,036	516,036	-	-	-	-	-	-	-
Accounts receivable, net	278,072	278,072	-	-	-	-	-	-	-
Property taxes receivable	38,118	38,118	-	-	-	-	-	-	-
Federal and state grants receivable	96,273	-	-	-	96,273	-	-	-	-
Inventories	199,688	-	199,688	-	-	-	-	-	-
Prepaid expenses	16,854	16,854	-	-	-	-	-	-	-
Due from (due to) other funds and from College Foundation	51,956	(13,728,566)	(403,234)	-	722,768	82,256	13,293,321	86,615	(1,204)
Total current assets	4,413,470	(9,664,458)	(202,101)	-	819,041	82,256	13,293,321	86,615	(1,204)
Investments	14,637,923	14,221,216	-	-	-	-	-	-	416,707
Capital assets									
Capital assets not being depreciated	277,000	-	-	-	-	-	277,000	-	-
Capital assets being depreciated, net	25,783,054	-	-	-	-	-	25,783,054	-	-
Total capital assets, net	26,060,054	-	-	-	-	-	26,060,054	-	-
Total assets	45,111,447	4,556,758	(202,101)	-	819,041	82,256	39,353,375	86,615	415,503
Deferred outflows of resources									
Deferred pension amounts	1,625,635	-	-	1,625,635	-	-	-	-	-

WEST SHORE COMMUNITY COLLEGE

COMBINING STATEMENT OF NET POSITION – CONCLUDED JUNE 30, 2015

	Combined Total	General Fund	Auxiliary Activities Fund	Pension Liability Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Agency Fund	Endowment Fund
Liabilities									
Current liabilities:									
Accounts payable	\$ 333,425	\$ 325,605	\$ 768	\$ -	\$ 7,052	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other liabilities	1,836,082	1,836,082	-	-	-	-	-	-	-
Deposits	86,615	-	-	-	-	-	-	86,615	-
Unearned revenue	94,578	92,970	1,608	-	-	-	-	-	-
Total current liabilities	2,350,700	2,254,657	2,376	-	7,052	-	-	86,615	-
Noncurrent liabilities:									
Net pension liability (Notes 1 and 5)	12,376,693	-	-	12,376,693	-	-	-	-	-
Total liabilities	14,727,393	2,254,657	2,376	12,376,693	7,052	-	-	86,615	-
Deferred inflows of resources									
Deferred pension amounts	1,368,397	-	-	1,368,397	-	-	-	-	-
Net position (deficit)									
Net investment in capital assets	26,060,054	-	-	-	-	-	26,060,054	-	-
Restricted for:									
Nonexpendable:									
Scholarships	415,503	-	-	-	-	-	-	-	415,503
Expendable:									
Student loans	82,256	-	-	-	-	82,256	-	-	-
Scholarships	66,525	-	-	-	66,525	-	-	-	-
Capital projects	10,841,795	-	-	-	-	-	10,841,795	-	-
Unrestricted (deficit)	(6,824,841)	2,302,101	(204,477)	(12,119,455)	745,464	-	2,451,526	-	-
Total net position (deficit)	\$ 30,641,292	\$ 2,302,101	\$ (204,477)	\$ (12,119,455)	\$ 811,989	\$ 82,256	\$ 39,353,375	\$ -	\$ 415,503

WEST SHORE COMMUNITY COLLEGE

COMBINING STATEMENT OF NET POSITION JUNE 30, 2014

	Combined Total	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Agency Fund	Endowment Fund
Assets								
Current assets:								
Cash and cash equivalents	\$ 5,256,893	\$ 5,243,665	\$ 13,228	\$ -	\$ -	\$ -	\$ -	\$ -
State appropriation receivable	470,886	470,886	-	-	-	-	-	-
Accounts receivable, net	253,412	253,412	-	-	-	-	-	-
Federal and state grants receivable	31,974	-	-	31,974	-	-	-	-
Inventories	212,859	-	212,859	-	-	-	-	-
Prepaid expenses	21,596	21,596	-	-	-	-	-	-
Due from (due to) other funds and from College Foundation	84,119	(12,105,442)	(416,895)	597,423	81,533	11,843,908	84,167	(575)
Total current assets	6,331,739	(6,115,883)	(190,808)	629,397	81,533	11,843,908	84,167	(575)
Investments	11,342,896	10,927,318	-	-	-	-	-	415,578
Note receivable - College Foundation	150,000	-	-	-	-	150,000	-	-
Capital assets:								
Capital assets not being depreciated	339,189	-	-	-	-	339,189	-	-
Capital assets being depreciated, net	26,028,022	-	-	-	-	26,028,022	-	-
Total capital assets, net	26,367,211	-	-	-	-	26,367,211	-	-
Total assets	44,191,846	4,811,435	(190,808)	629,397	81,533	38,361,119	84,167	415,003

WEST SHORE COMMUNITY COLLEGE

COMBINING STATEMENT OF NET POSITION – CONCLUDED JUNE 30, 2014

	Combined Total	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Agency Fund	Endowment Fund
Liabilities:								
Accounts payable	\$ 305,788	\$ 304,998	\$ 790	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and other liabilities	1,903,154	1,903,154	-	-	-	-	-	-
Deposits	84,167	-	-	-	-	-	84,167	-
Unearned revenue	131,462	129,847	1,615	-	-	-	-	-
Total liabilities (all current)	2,424,571	2,337,999	2,405	-	-	-	84,167	-
Net position (deficit)								
Net investment in capital assets	26,367,211	-	-	-	-	26,367,211	-	-
Restricted for:								
Nonexpendable:								
Scholarships	415,003	-	-	-	-	-	-	415,003
Expendable:								
Student loans	81,533	-	-	-	81,533	-	-	-
Scholarships	101,774	-	-	101,774	-	-	-	-
Capital projects	9,538,441	-	-	-	-	9,538,441	-	-
Unrestricted (deficit)	5,263,313	2,473,436	(193,213)	527,623	-	2,455,467	-	-
Total net position (deficit)	\$ 41,767,275	\$ 2,473,436	\$ (193,213)	\$ 629,397	\$ 81,533	\$ 38,361,119	\$ -	\$ 415,003

WEST SHORE COMMUNITY COLLEGE

COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2015

	Combined Total	Eliminations	General Fund	Auxiliary Activities Fund	Pension Liability Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Endowment Fund
Operating revenue									
Tuition and fees (net of scholarship allowances of \$1,374,000)	\$ 1,724,575	\$ (1,374,000)	\$ 3,098,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants and contracts	212,441	-	7,931	-	-	204,510	-	-	-
State and local grants and contracts	249,538	-	-	-	-	249,538	-	-	-
Nongovernmental grants	33,973	-	-	-	-	33,973	-	-	-
Auxiliary enterprises (net of scholarship allowances of \$290,000)	936,321	(290,000)	-	1,226,321	-	-	-	-	-
Miscellaneous	78,402	-	78,402	-	-	-	-	-	-
Total operating revenues	3,235,250	(1,664,000)	3,184,908	1,226,321	-	488,021	-	-	-
Operating expense									
Instruction	4,787,891	(32,200)	4,721,103	-	(48,110)	5,055	-	142,043	-
Public service	353,145	(2,583)	321,664	-	(2,795)	36,859	-	-	-
Instructional support	1,615,128	(3,814)	1,490,458	-	(14,739)	83,085	-	60,138	-
Student services	3,621,511	(1,616,649)	1,136,861	1,368,005	(9,590)	2,721,080	-	21,804	-
Institutional administration	2,658,078	(8,692)	2,587,682	-	(19,052)	-	-	98,140	-
Operations and maintenance of plant	2,017,803	(62)	1,766,472	-	(11,360)	-	-	262,753	-
Depreciation	1,311,269	-	-	-	-	-	-	1,311,269	-
Total operating expenses	16,364,825	(1,664,000)	12,024,240	1,368,005	(105,646)	2,846,079	-	1,896,147	-
Operating (loss) income	(13,129,575)	-	(8,839,332)	(141,684)	105,646	(2,358,058)	-	(1,896,147)	-

WEST SHORE COMMUNITY COLLEGE

COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION - CONCLUDED FOR THE YEAR ENDED JUNE 30, 2015

	Combined Total	Eliminations	General Fund	Auxiliary Activities Fund	Pension Liability Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Endowment Fund
Nonoperating revenues:									
State appropriations	\$ 2,852,211	\$ -	\$ 2,852,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	8,924,310	-	6,152,199	-	-	-	-	2,772,111	-
Pell grants	2,020,118	-	-	-	-	2,020,118	-	-	-
Gifts	260,940	-	35,098	-	-	217,616	-	7,726	500
Investment income	149,464	-	55,773	3,136	-	-	723	86,916	2,916
Miscellaneous income	21,650	-	-	-	-	-	-	21,650	-
Total nonoperating revenues	14,228,693	-	9,095,281	3,136	-	2,237,734	723	2,888,403	3,416
Change in net position before transfers	1,099,118	-	255,949	(138,548)	105,646	(120,324)	723	992,256	3,416
Transfers in (out)	-	-	(427,284)	127,284	-	302,916	-	-	(2,916)
Net increase (decrease) in net position	1,099,118	-	(171,335)	(11,264)	105,646	182,592	723	992,256	500
Net position (deficit) at beginning of year	41,767,275	-	2,473,436	(193,213)	-	629,397	81,533	38,361,119	415,003
Implementation of GASB 68	(12,225,101)	-	-	-	(12,225,101)	-	-	-	-
Net position (deficit), beginning of year	29,542,174	-	2,473,436	(193,213)	(12,225,101)	629,397	81,533	38,361,119	415,003
Net position (deficit), end of year	\$ 30,641,292	\$ -	\$ 2,302,101	\$ (204,477)	\$ (12,119,455)	\$ 811,989	\$ 82,256	\$ 39,353,375	\$ 415,503

WEST SHORE COMMUNITY COLLEGE

COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

	Combined Total	Eliminations	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Endowment Fund
Operating revenue								
Tuition and fees (net of scholarship allowances of \$1,518,000)	\$ 1,818,161	\$ (1,518,000)	\$ 3,336,161	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants and contracts	211,013	-	7,520	-	203,493	-	-	-
State and local grants and contracts	187,583	-	-	-	187,583	-	-	-
Nongovernmental grants	30,800	-	-	-	30,800	-	-	-
Auxiliary enterprises (net of scholarship allowances of \$458,000)	979,900	(458,000)	-	1,437,900	-	-	-	-
Miscellaneous	27,551	-	27,551	-	-	-	-	-
Total operating revenues	3,255,008	(1,976,000)	3,371,232	1,437,900	421,876	-	-	-
Operating expense								
Instruction	4,535,556	(31,972)	4,517,567	-	3,884	-	46,077	-
Public service	378,308	(2,695)	330,199	-	38,083	-	12,721	-
Instructional support	1,388,470	(5,145)	1,219,090	-	78,325	-	96,200	-
Student services	4,276,651	(1,924,964)	1,500,147	1,505,218	3,193,853	400	1,997	-
Institutional administration	2,776,201	(11,084)	2,645,269	-	-	-	142,016	-
Operations and maintenance of plant	1,852,445	(140)	1,737,674	-	-	-	114,911	-
Depreciation	1,273,252	-	-	-	-	-	1,273,252	-
Total operating expenses	16,480,883	(1,976,000)	11,949,946	1,505,218	3,314,145	400	1,687,174	-
Operating loss	(13,225,875)	-	(8,578,714)	(67,318)	(2,892,269)	(400)	(1,687,174)	-

WEST SHORE COMMUNITY COLLEGE

COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION - CONCLUDED FOR THE YEAR ENDED JUNE 30, 2014

	Combined Total	Eliminations	General Fund	Auxiliary Activities Fund	Expendable Restricted Fund	Student Loan Fund	Plant Fund	Endowment Fund
Nonoperating revenues:								
State appropriations	\$ 2,610,425	\$ -	\$ 2,610,425	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	8,793,547	-	6,062,992	-	-	-	2,730,555	-
Pell grants	2,559,383	-	-	-	2,559,383	-	-	-
Gifts	272,765	-	-	-	228,466	-	43,299	1,000
Investment income	135,210	-	60,346	2,505	-	591	63,812	7,956
Miscellaneous expense	(71,367)	-	-	-	-	-	(71,367)	-
Total nonoperating revenues	14,299,963	-	8,733,763	2,505	2,787,849	591	2,766,299	8,956
Change in net position before transfers	1,074,088	-	155,049	(64,813)	(104,420)	191	1,079,125	8,956
Transfers in (out)	-	-	(255,989)	124,056	104,389	-	35,500	(7,956)
Net increase (decrease) in net position	1,074,088	-	(100,940)	59,243	(31)	191	1,114,625	1,000
Net position at beginning of year	40,693,187	-	2,574,376	(252,456)	629,428	81,342	37,246,494	414,003
Net position at end of year	\$ 41,767,275	\$ -	\$ 2,473,436	\$ (193,213)	\$ 629,397	\$ 81,533	\$ 38,361,119	\$ 415,003

WEST SHORE COMMUNITY COLLEGE

SCHEDULE OF AUXILIARY ACTIVITIES FUND FOR THE YEAR ENDED JUNE 30, 2015

	Bookstore	Food Service	Ice Arena	Recreation Services	Total
Operating revenues:					
Auxiliary activities	\$ 610,674	\$ 168,771	\$ 165,342	\$ 284,670	\$ 1,229,457
Operating expenses					
Salaries and wages	103,867	52,332	92,150	213,429	461,778
Fringe benefits	60,043	44,795	40,699	104,153	249,690
Supplies and other expenses	461,840	84,426	81,235	29,036	656,537
Total operating expenses	625,750	181,553	214,084	346,618	1,368,005
Operating loss	(15,076)	(12,782)	(48,742)	(61,948)	(138,548)
Transfers in	-	24,288	42,996	60,000	127,284
Net increase (decrease) in net position	(15,076)	11,506	(5,746)	(1,948)	(11,264)
Net position (deficit), at beginning of year	561,271	(151,643)	(226,598)	(376,243)	(193,213)
Net position (deficit), at end of year	\$ 546,195	\$ (140,137)	\$ (232,344)	\$ (378,191)	\$ (204,477)

WEST SHORE COMMUNITY COLLEGE

SCHEDULE OF AUXILIARY ACTIVITIES FUND FOR THE YEAR ENDED JUNE 30, 2014

	Bookstore	Food Service	Ice Arena	Recreation Services	Total
Operating revenues:					
Auxiliary activities	\$ 789,397	\$ 176,375	\$ 185,580	\$ 289,053	\$ 1,440,405
Operating expenses					
Salaries and wages	94,774	48,926	91,280	201,705	436,685
Fringe benefits	59,566	39,537	37,293	99,493	235,889
Supplies and other expenses	621,905	94,555	81,007	35,177	832,644
Total operating expenses	776,245	183,018	209,580	336,375	1,505,218
Operating loss	13,152	(6,643)	(24,000)	(47,322)	(64,813)
Transfers in	-	26,548	37,217	60,291	124,056
Net increase in net position	13,152	19,905	13,217	12,969	59,243
Net position (deficit), at beginning of year	548,119	(171,548)	(239,815)	(389,212)	(252,456)
Net position (deficit), at end of year	\$ 561,271	\$ (151,643)	\$ (226,598)	\$ (376,243)	\$ (193,213)