



**LANSING
COMMUNITY
COLLEGE**

Lansing Community College

Lansing, Michigan

Comprehensive
Annual Financial Report
Fiscal Year Ended June 30, 2009

where success begins

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LANSING COMMUNITY COLLEGE
Lansing, MI

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2009

Prepared by:
Financial Services Division

Catherine Fisher
Chief Financial Officer

Randall Roy
Controller

Megan Garrett
Director of Accounting



LANSING COMMUNITY COLLEGE

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2009

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Introductory Section



October 13, 2009

Members of the Board of Trustees, and
Citizens of Lansing Community College District

The Comprehensive Annual Financial Report (CAFR) of Lansing Community College for the fiscal year ended June 30, 2009, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission have been included.

Rehmann Robson, Certified Public Accountants, have issued an unqualified (clean) opinion on Lansing Community College's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of the report.

The Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

We strive for fiscally responsible planning for our immediate and future needs. As the financial operations shows in the recent CAFR, we continue to exercise fiscal prudence, to maintain a healthy financial condition and to protect the tax dollars in the use of available resources to continue our commitment to academic excellence.

The District has a capital plan which is dynamic and is updated on a regular basis to reflect the most recent assessment of all projects required that will address the evolving academic programs and services needed.

We have remained flexible in these most challenging economic times to provide services efficiently while maintaining our commitment to students. We are encouraged by the continued dedication of the faculty, administrators and the Board to make Lansing Community College an excellent place of higher education. Lansing Community College ~ *"Where Success Begins"*.

PROFILE OF THE COLLEGE

Lansing Community College is a major urban community college, situated on 32 acres, a nine-city block area in downtown Lansing, Michigan. Founded in 1957, Lansing Community College is now the third largest community college in the State of Michigan. The College currently enrolls more than 19,000 students per semester, and has 600 full-time and over 1,600 part-time faculty. The College offers classes year-round, in a three semester curriculum. The College offers more than 150 degree and certificate programs and nearly 2,500 courses, to match career and workforce development pursuits, transfer curriculums, developmental, or special interest needs. Courses are offered in one of five academic divisions; Business, Media and Information Technology; Human Health and Public Services; Liberal Studies; Student and Academic Support and Strategic Enrollment Management; and Technical Careers. A sixth division, the College's Business & Community Institute (BCI) provides customized training directly to regional businesses and manufacturers.

In addition to the main campus, the College operates a West Campus that is home to the Michigan Technical Education Center (M-TEC) in Delta Township, an Aviation Center at Capital City Airport in Lansing, Clinton County Center in St. Johns, East Campus in East Lansing, the Livingston Center at Parker Campus in Howell, and Truck Driver Training at Fort Custer in Battle Creek. In addition, there are learning centers in more than 20 communities within the College's 30-mile service district. Lansing Community College was the first Michigan community college to offer a complete associates degree on line. The Virtual College now offers over 170 sections per semester, or approximately 8% of all course offerings.

LCC is accredited by the North Central Association of Colleges and Schools, and services over 40,000 people annually.

The following table illustrates enrollments over the last five years

	FALL				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Enrollment</u>					
College (unduplicated head count)	21,116	19,445	19,465	20,394	20,057
Full-time Equivalents	10,788	11,273	10,753	10,936	12,535
Total Credit Hours	159,373	169,469	169,149	173,841	188,815

LOCAL ECONOMY

Michigan's economy has spent the last nine years in recession, largely driven by the same fundamental restructuring that is affecting manufacturing globally. Manufacturing has experienced a significant surge in productivity, as the economy has become more competitive.

For Michigan, the effect of productivity improvements has been substantial, particularly given that there was more room for improvement in the durable goods and motor vehicle manufacturing sectors to be implemented than in many other sectors, that Michigan is very disproportionately concentrated in motor vehicle manufacturing, and that the motor vehicle industries have become one of the most competitive sectors of the economy. Those factors have been complicated for Michigan as General Motors, Ford, and Chrysler have also lost market share, even as they have made productivity gains, leaving Michigan to lose employment from both productivity and reduced demand. The rapid and drastic decline in automobile sales since late 2008 portends a long and difficult recession for Michigan and certainly one that may be more severe than any in the post-World War II period. During the last decade productivity has risen most significantly in economic sectors in which the Michigan economy is heavily concentrated, such as the motor vehicle industry. Motor vehicle sales have remained mostly flat or experienced slight declines, while Michigan's share of the market has declined markedly. Even after eight years of employment declines, Michigan is still heavily dependent upon sectors that are highly cyclical and likely to continue to experience substantial gains in productivity and declines in employment. Based on data through 2007, Michigan represented 2.8% of the national economy (using gross domestic product by state), yet comprised 4.3% of manufacturing goods employment and 5.2% of durable goods manufacturing employment. In 2007, transportation equipment manufacturing comprised approximately 39.4% of Michigan's durable goods manufacturing employment and Michigan's motor vehicle manufacturing employment comprised approximately one-fourth of the nation's motor vehicle manufacturing employment.

Another way to see how concentrated Michigan is on motor vehicle manufacturing is to examine the share of wage income paid to employees in sectors that produce motor vehicles. In 2007, wages and salaries paid to workers in the motor vehicle manufacturing sector comprised 1.1% of private sector wages and salaries paid nationally, but 9.6% of wages and salaries paid in Michigan. Furthermore, while it is more difficult to quantify, many of Michigan's non-manufacturing sectors rely heavily, either directly or indirectly, on activity in the motor vehicle sector. Average wages in transportation equipment manufacturing are higher than in any other economic sector in Michigan, workers in the transportation equipment manufacturing sector purchase goods and services across the spectrum for their own consumption, and vehicle manufacturers are significant consumers of a variety of goods and services as well. As a result, economic downturns in the motor vehicle sector are transmitted and multiplied throughout the Michigan economy, just as any national or local economic shock is transmitted through the affected economies, but will have a greater proportional impact on Michigan than on any other state or the nation as a whole.

Source:

MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2008-09 AND FY 2009-10

May 13, 2009 Senate Fiscal Agency, State of Michigan

FINANCIAL INFORMATION

Internal Controls. Management of the College is responsible for establishing and maintaining internal controls designed to protect the assets of the college, prevent loss from theft or misuse and to provide that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide a reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As demonstrated by the statements and schedules included in the financial section of this report, the College continues to meet its responsibility for sound financial management.

Property Taxes. The following table illustrates the College's property tax levy rates over the most recent three years for which data is available.

Levy Rates (Per \$1000 of taxable valuation):

<u>Fund Type</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>State Avg.</u>
Total Levy	\$3.8072	\$3.8072	\$3.8072	\$3.8072

PROSPECTS FOR THE FUTURE

In FY 2009, the economic recession is proving to be much more severe than expected and this is having a significant negative impact on State of Michigan's revenues. The state's General Fund/General Purpose (GF/GP) revenues are forecast to be down 12.2% during the state's FY 2009 compared to FY 2008. School Aid Fund (SAF) revenue will decrease 5.3%. By the end of FY 2010, Michigan's economy is expected to experience renewed economic growth, but it will not be strong enough to generate an overall growth in revenue compared with FY 2009. As a result, in FY 2010, SAF revenue is expected to decline 5.1%. Revenue subject to the revenue limit will remain well below the limit in both FY 2009 and FY 2010.

CASH MANAGEMENT

The fiduciary responsibility for excess funds is entrusted to the College Board of Trustees as defined by the Michigan Public Act 331, as amended through 1997, who have delegated this function to the Chief Financial Officer of the College.

In keeping with existing Board policy, all investments of excess funds are made in a prudent, conservative and secure manner and in accordance with the guidelines detailed in the College investment Policy.

In the fiscal year ending June 30, 2009, the College's investments from current funds generated \$437,689 in investment income.

The College has a contract with Fifth Third bank for the management of excess funds. These funds are comprised of Money Markets, Bonds and CD's. As of June 30, 2009, investments were as follows:

Investments	<u>Amount</u>	<u>Percent</u>
Money market funds	\$18,802,733	98.26
Freddie Mac	350,546	1.74
	<u>\$19,153,279</u>	<u>100.00%</u>

OTHER INFORMATION

Awards. LCC's Purchasing Department is the recipient of the 14th Annual Achievement of Excellence in Procurement (AEP) Award. Lansing Community College has received the award for seven consecutive years and is one of only four government agencies in Michigan to receive the national award. The award is designed to recognize organizational excellence in procurement through efficient and effective practices within an organization's procurement policies and processes. It acknowledges measures in innovation, professionalism, e-procurement, productivity and leadership attributes of the procurement function.

Independent Audit. State statues require an annual audit by independent certified public accountants. The accounting firm of Rehmann Robson was selected by the College's Board of Trustees. The auditors' report on the financial statements and schedules is included in the financial section of this report.

Acknowledgments. The timely preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Catherine Fisher
Chief Financial Officer

S/S David Hilquist

David Hilquist
Interim Senior Vice President of Administration

LANSING COMMUNITY COLLEGE

PRINCIPAL OFFICIALS

Year Ended June 30, 2009

BOARD OF TRUSTEES

	<u>Position</u>	<u>Term Expires</u>
Deborah Canja	Chairperson	2009
Robin M. Smith	Vice Chairperson	2011
Edward Woods III	Secretary	2013
Thomas Rasmusson	Treasurer	2011
Jerry L. Hollister	Trustee	2013
Chris A. Lavery	Trustee	2009
Robert E. Proctor	Trustee	2009

OFFICERS OF THE COLLEGE

Brent Knight	President
David Hilquist	Interim Senior Vice President of Administration
Catherine Fisher	Chief Financial Officer
Stephanie Shanblatt	Provost/Senior Vice President of Academic Affairs
Stanley Chase	Senior Vice President Academic and External Affairs

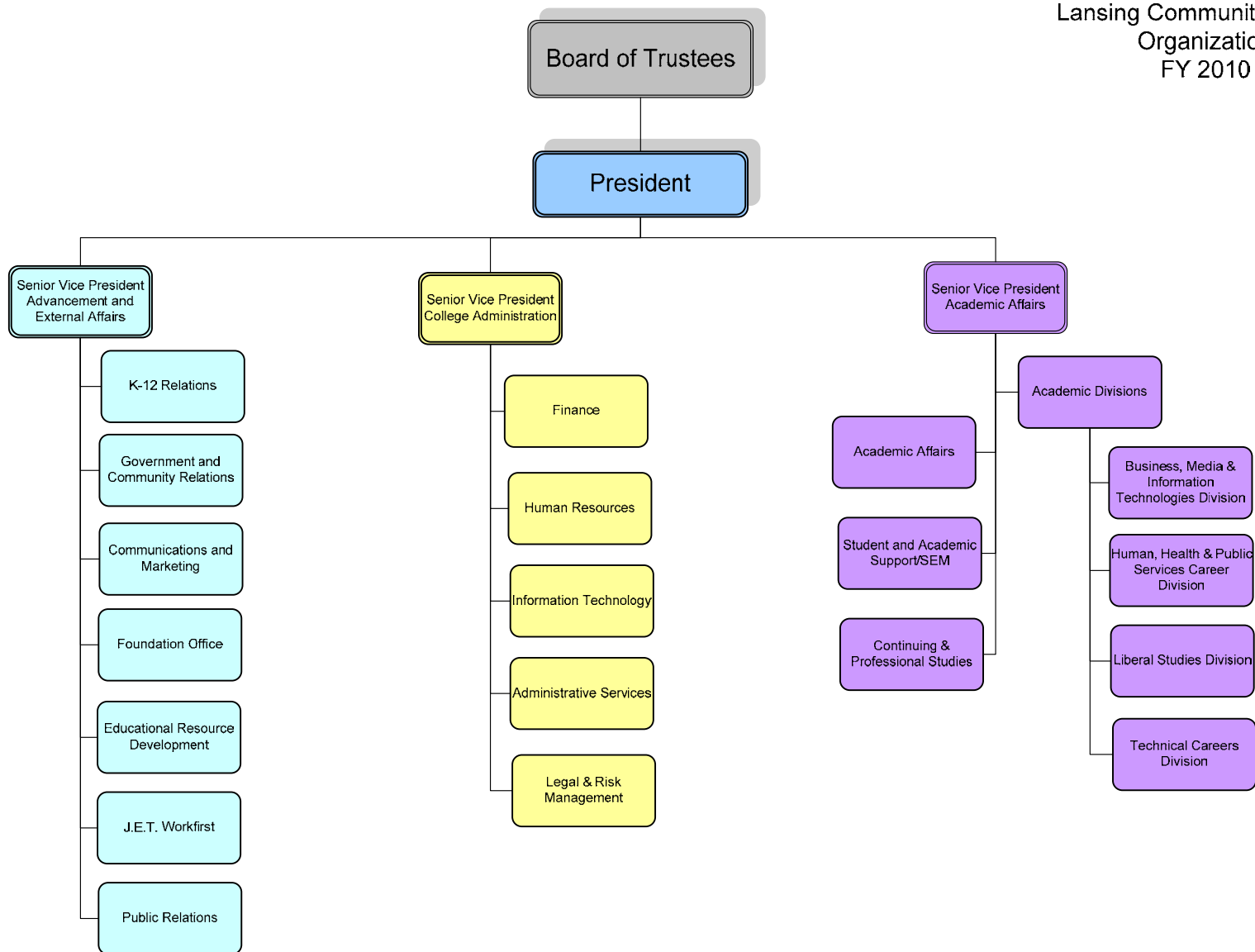
OFFICIALS ISSUING REPORT

David Hilquist	Interim Senior Vice President of Administration
Catherine Fisher	Chief Financial Officer
Randall Roy	Controller
Megan Garrett	Director of Accounting

DIVISION ISSUING REPORT

Financial Services Division

Lansing Community College
 Organization
 FY 2010





Financial Section

INDEPENDENT AUDITORS' REPORT

October 13, 2009

Board of Trustees
Lansing Community College
Lansing, Michigan

We have audited the accompanying statements of net assets of **Lansing Community College** (the "College") and its discretely presented component unit as of and for the years ended June 30, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets, and cash flows, where applicable, for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Lansing Community College Foundation, the College's discretely presented component unit, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits of the financial statements provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Lansing Community College** and its discretely presented component unit, as of June 30, 2009 and 2008, 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.

The Management's Discussion and Analysis ("MD&A") presented on pages 10 through 21 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated October 13, 2009, on our consideration of Lansing Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The additional information identified in the special reports section in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Lehmann Johnson". The signature is written in a cursive, flowing style.

**LANSING COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2009 AND 2008**

The discussion and analysis of Lansing Community College's financial statements provides an overview of the College's financial activities for the years ended June 30, 2009 and 2008. Management has prepared the fiscal 2009 and 2008 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.

Using this Report

The College's financial statements have been prepared in accordance with the following standards.

In June 1999, the Governmental Accounting Standards Board ("GASB") released Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Changes in Statement No. 34 require a comprehensive one-line look at the entity as a whole including capitalization and depreciation of assets. In November 1999, GASB issued Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, which applies these standards to public colleges and universities. The State of Michigan has adopted these standards and therefore, has revised and issued the *Manual for Uniform Financial Reporting for Michigan Public Community Colleges, 2001*. Subsequent GASB statements, when applicable, have been implemented as well.

Component Unit

In May 2002, GASB released Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Statement No. 39 requires that separate legal entities associated with a primary government that meet certain criteria are included with the financial statements of the Primary Reporting Unit.

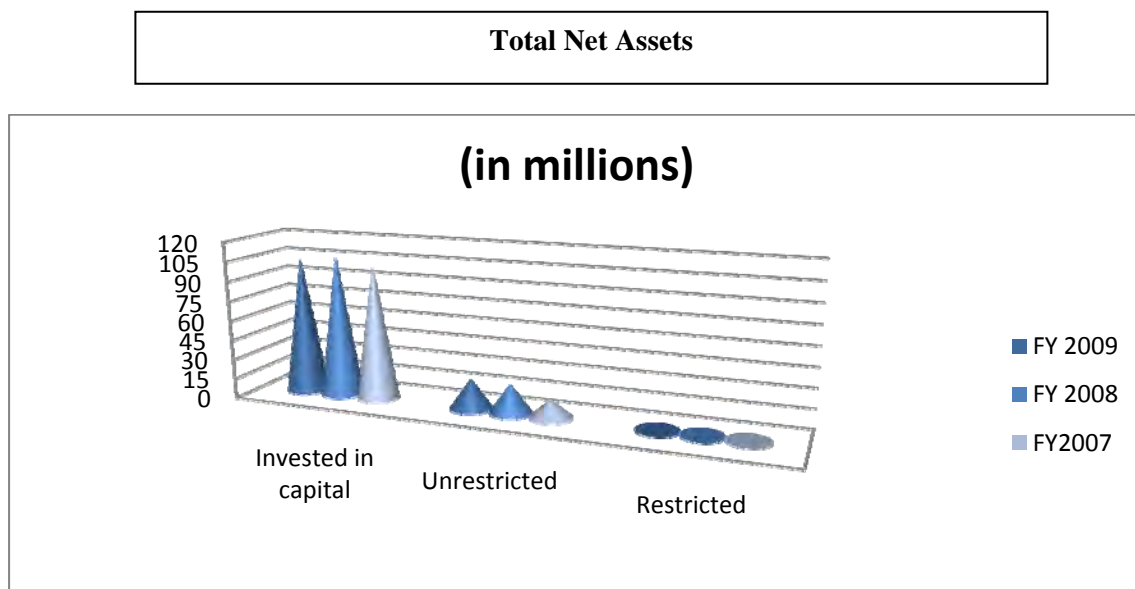
In compliance with this statement, the Lansing Community College Foundation is reported as a component unit of the College and its financial activities are presented separately from the rest of the College's activities in the Statements of Net Assets and Revenues, Expenses and Changes in Net Assets, in separate columns headed "Component Unit".

This annual financial report includes the report of independent auditors, management's discussion and analysis, the basic financial statements in the above referred to format, notes to financial statements, and additional information.

Financial Highlights

The College's financial position decreased during the fiscal year ended June 30, 2009, with a \$2.5 million decrease in total net assets. The three major categories of net assets changed somewhat, as shown in the graph below. While total net assets decreased by \$2.5 million, unrestricted net assets as shown here increased by approximately \$1.0 million, from \$21.5 to \$22.5 million as a result of the release of \$3.3 million of restricted bond proceeds during the year. The College had budgeted to use net assets of \$3.1 million of designated reserves that were generated in the fiscal year ended June 30, 2008.

The College's financial position improved significantly during the fiscal year ended June 30, 2008 with a \$14.2 million increase in total net assets. The three major categories of net assets changed somewhat, as shown in the graph below. While net assets increased by \$14.2 million, unrestricted net assets as shown here increased by approximately \$8.0 million, from \$13.5 to \$21.5 million as a result of the increase of \$6.2 million in the amount invested in capital assets, net of related debt. This increase was largely a result of the Banner ERP implementation and the opening of the University Center.



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

One of the most important questions to ask about the College's finances is, "Is Lansing Community College as a whole better off or worse off as a result of the year's activities?" The statements of net assets and revenues, expenses, and changes in net assets report information on the College as a whole and on its activities in a way that helps answer this question.

These two statements include all assets and liabilities 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. These statements report Lansing Community College's net assets and changes in them. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as Lansing Community College's operating results.

You can think of LCC's net assets - the difference between assets and liabilities - as one way to measure the College's financial health or financial position. Over time, increases or decreases in the College's net assets are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the College, you will need to consider many other non-financial factors, such as the trend in College enrollment, student retention, condition of the buildings, and strength of the faculty.

Net Assets (*in millions*) as of June 30

	2009	2008	Increase (Decrease) 2009 - 2008	2007	Increase (Decrease) 2008 - 2007
Current assets	\$ 38.6	\$ 33.2	\$ 5.4	\$ 23.2	\$ 10.0
Non-current assets					
Capital assets, net of depreciation	167.2	170.1	(2.9)	166.6	3.5
Other	4.2	10.0	(5.8)	13.9	(3.9)
Total assets	\$ 210.0	\$ 213.3	\$ (3.3)	\$ 203.7	\$ 9.6
Current liabilities	\$ 22.2	\$ 18.2	\$ 4.0	\$ 18.3	\$ (0.1)
Long-term liabilities	61.5	66.3	(4.8)	70.8	(4.5)
Total liabilities	83.7	84.5	(0.8)	89.1	(4.6)
Net assets					
Invested in capital assets, net of related debt	103.6	107.1	\$ (3.5)	100.9	6.2
Restricted	0.2	0.2	-	0.2	-
Unrestricted	22.5	21.5	1.0	13.5	8.0
Total net assets	126.3	128.8	(2.5)	114.6	14.2
Total liabilities and net assets	\$ 210.0	\$ 213.3	\$ (3.3)	\$ 203.7	\$ 9.6

Fiscal Year 2009 Compared to 2008

The College increased its current assets by \$5.4 million as a result of the decrease in other noncurrent assets by \$5.8 million with the completion of Banner and release of restricted cash in unspent bond proceeds. The College net assets declined due to full depreciation of the University Center and the Banner systems and one-time costs associated with separation of employees. The College's capital assets, net of depreciation, decreased slightly as depreciation exceeded asset additions by \$2.9 million. The College had budgeted to use net assets of \$3.1 million of designated reserves that were generated in the fiscal year ended June 30, 2008.

Fiscal Year 2008 Compared to 2007

The College significantly increased its cash and receivables from the increase in net assets. The College also continued into the final phase of the implementation of a Banner ERP. In turn, the College's capital assets, net of depreciation, increased due to construction that was completed on the University Center Building and the fit out of the Health and Human Services Building third floor.

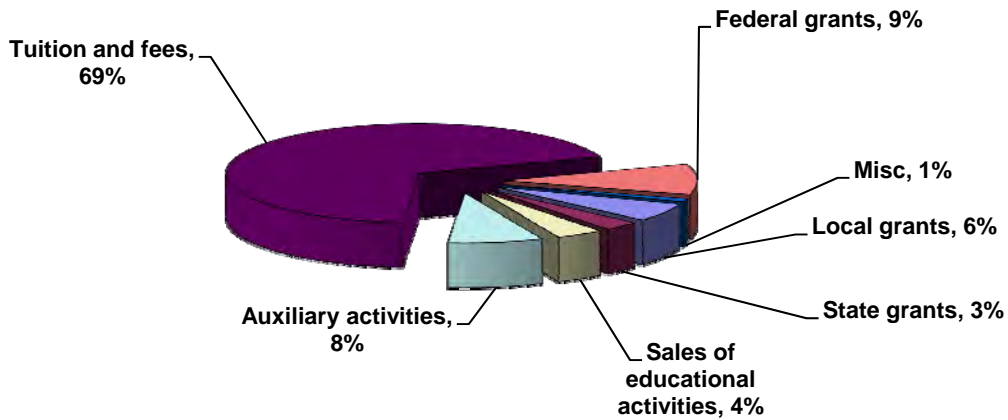
Operating Results (*in millions*) for the Years Ended June 30

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease) 2009 - 2008</u>	<u>2007</u>	<u>Increase (Decrease) 2008 - 2007</u>
Operating revenues:					
Tuition and fees (net of scholarship allowances)	\$ 29.9	\$ 30.3	\$ (0.4)	\$ 26.2	\$ 4.1
Federal grants and contracts	4.3	4.1	0.2	4.7	(0.6)
State grants and contracts	1.2	1.2	-	1.9	(0.7)
Local grants and contracts	2.7	2.7	-	1.5	1.2
Sales and services of educational activities	1.7	1.3	0.4	2.4	(1.1)
Sales and services of auxiliary activities	3.3	2.9	0.4	2.6	0.3
Miscellaneous	0.5	0.4	0.1	0.3	0.1
Total operating revenues	<u>43.6</u>	<u>42.9</u>	<u>0.7</u>	<u>39.6</u>	<u>3.3</u>
Operating expenses:					
Instruction	42.3	39.5	2.8	39.9	(0.4)
Information technology	9.1	7.3	1.8	5.8	1.5
Public services	3.1	3.0	0.1	1.8	1.2
Instructional support	20.9	19.0	1.9	19.2	(0.2)
Student services	16.7	16.4	0.3	16.8	(0.4)
Institutional administration	12.7	8.1	4.6	8.0	0.1
Operation and maintenance of plant	20.4	16.3	4.1	14.1	2.2
Depreciation expense	8.9	7.7	1.2	8.7	(1.0)
Total operating expenses	<u>134.1</u>	<u>117.3</u>	<u>16.8</u>	<u>114.3</u>	<u>3.0</u>
Operating loss	<u>(90.5)</u>	<u>(74.4)</u>	<u>(16.1)</u>	<u>(74.7)</u>	<u>0.3</u>
Nonoperating revenues (expenses):					
State appropriations	29.8	31.8	(2.0)	25.0	6.8
Property tax levy	42.1	41.7	0.4	39.4	2.3
Pell Grant revenue	17.7	13.4	4.3	11.8	1.6
Other nonoperating expenses - net	(2.7)	(1.9)	(0.8)	(1.9)	-
Net nonoperating revenues	<u>86.9</u>	<u>85.0</u>	<u>1.9</u>	<u>74.3</u>	<u>10.7</u>
Other revenues:					
State capital appropriations	1.1	2.5	(1.4)	1.6	0.9
Capital gifts	-	1.1	(1.1)	-	1.1
Total other revenues	<u>1.1</u>	<u>3.6</u>	<u>(2.5)</u>	<u>1.6</u>	<u>2.0</u>
Net change in net assets	(2.5)	14.2	(16.7)	1.2	13.0
Net assets - beginning of year	<u>128.8</u>	<u>114.6</u>	<u>14.2</u>	<u>113.4</u>	<u>1.2</u>
Net assets - end of year	<u>\$ 126.3</u>	<u>\$ 128.8</u>	<u>\$ (2.5)</u>	<u>\$ 114.6</u>	<u>\$ 14.2</u>

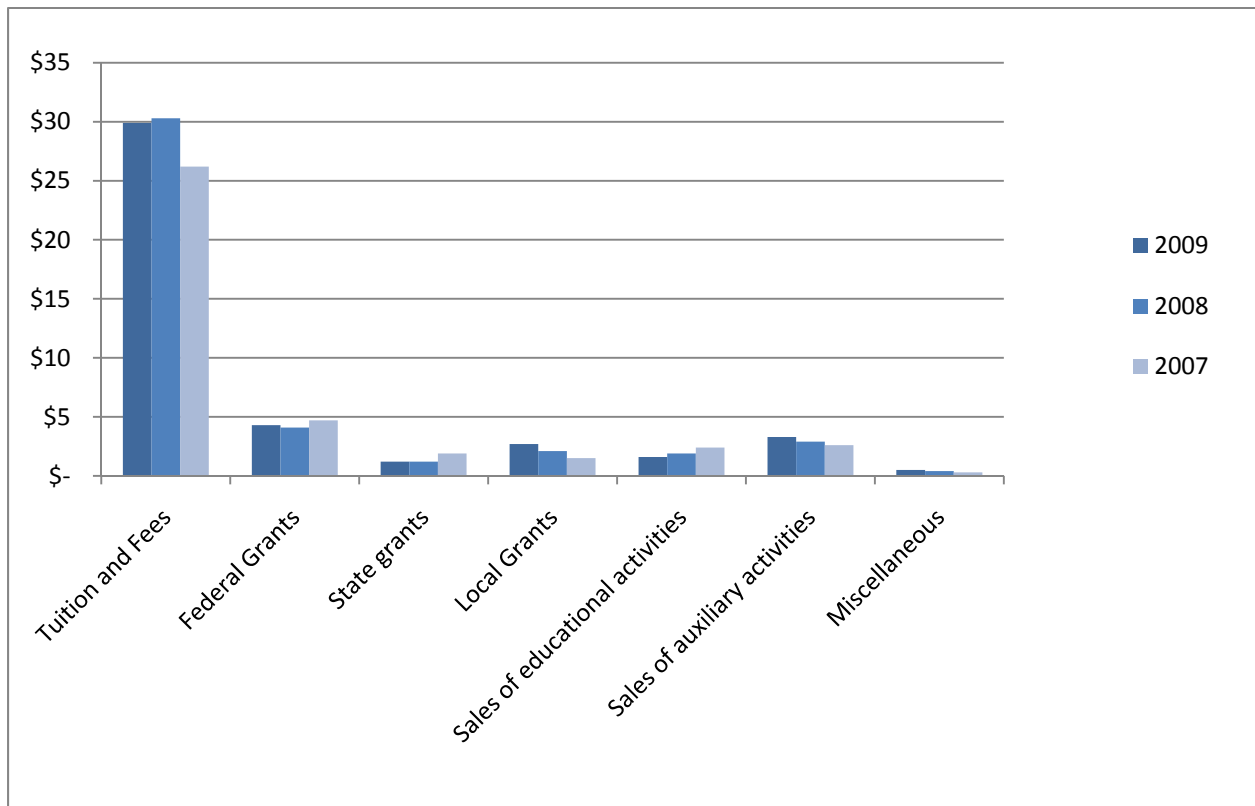
Operating Revenues

Operating revenues include all transactions that result from the sales and/or receipts of goods and services such as tuition and fees. In addition, certain federal, state, and private grants are considered operating revenues if they are considered a contract for services and are not for capital purposes.

2009 Operating Revenues by Source



2009, 2008, 2007 Operating Revenues by Source (in millions)



Operating Revenues Fiscal Year 2009 Compared to 2008

Operating revenue changes were the result of the following factors:

- Tuition and fee revenue increased \$3.4 million; however, scholarship allowance increased \$3.8 million for a net decrease of \$.4 million. The limit for Pell Grants increased by 13% and the downturn in the economy has increased the number of eligible students.
- Federal grants and contracts increased slightly.
- State and local grants and contracts remained flat.
- Sales and services of educational increased due to increased BCI marketing and major contract awards.
- Sales and services of auxiliary activities increased due to an increase in enrollment.

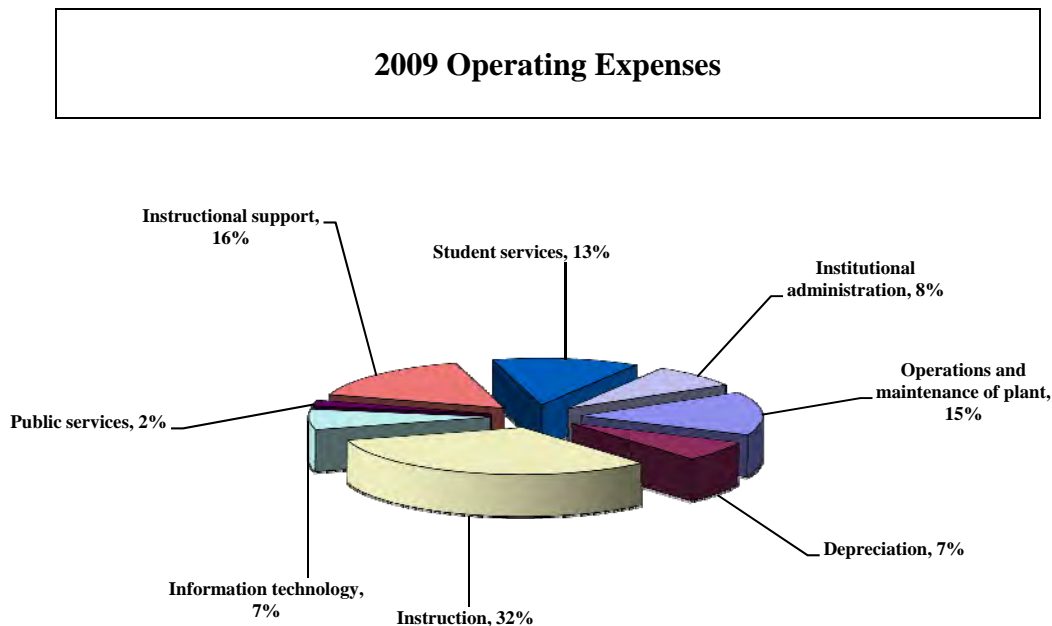
Fiscal Year 2008 Compared to 2007

Operating revenue changes were the result of the following factors:

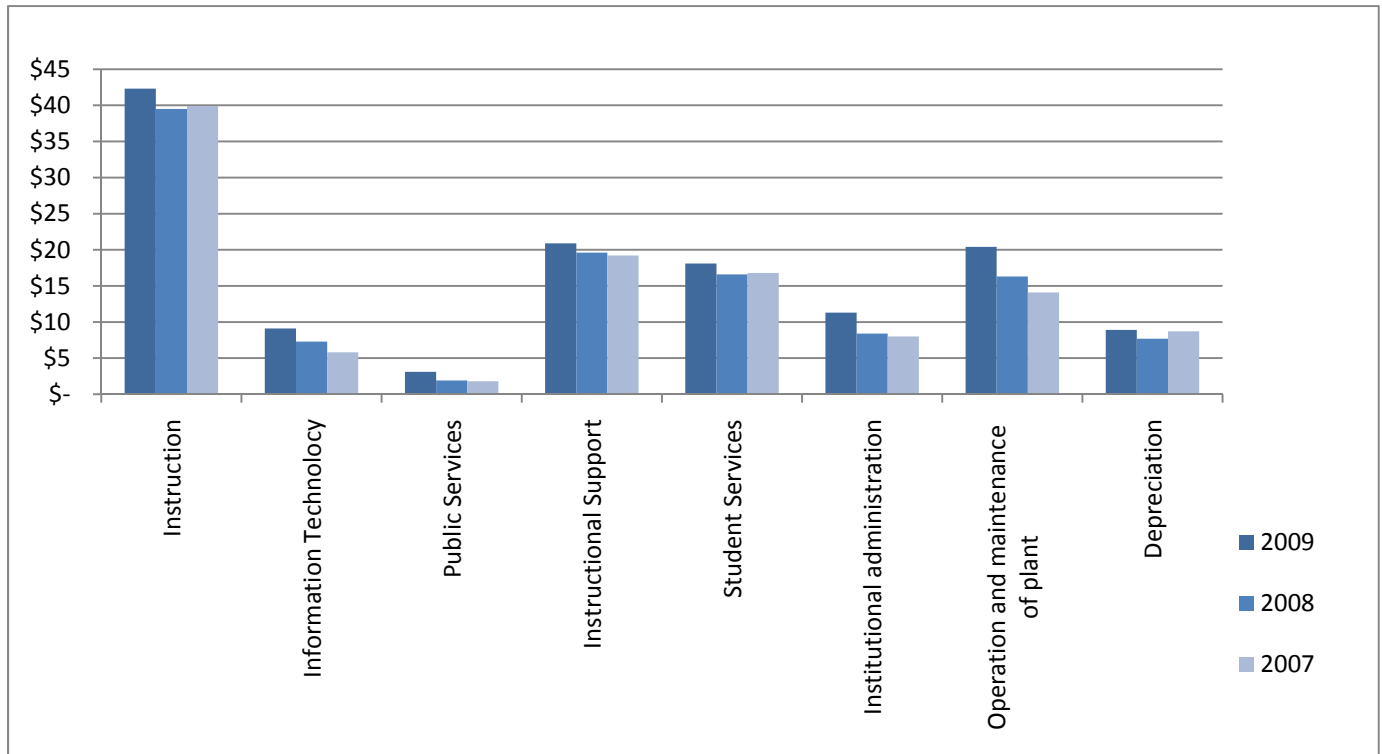
- Tuition and fee revenue increased significantly due to increases in tuition and fee rates along with a slight increase in enrollment.
- Federal grants and contracts decreased \$577 thousand as a result of reductions in several grants including Energy and Efficiency and Alternative Energy, TANF/Work First, and Improving Teacher Quality grants.
- State grants and contracts decreased \$685 thousand as a result of reductions in several EDJT grants including General Motors training.
- Sales and services of educational activities decreased as a result of reduced General Motors training.

Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College.



2009, 2008, 2007 Operating Expenses by Function (in millions)



Fiscal Year 2009 Compared to 2008

Total operating expenses increased by \$16.8 million. Factors that influence this increase are:

- Instructional costs increased by \$2.8 million due to costs associated with existing labor contracts.
- Student services costs increased by \$0.3 million due to increased enrollment.
- Depreciation expense increased by \$1.2 million as this was the first year that Banner and the University Center were operational for the entire year.
- Operation and maintenance of plant increased by \$4.1 million due to increased operating costs from additional space occupied during the last few years, including new and recently acquired buildings. There were \$2.0 million dollars of maintenance and repair projects that did not meet the capitalization threshold.
- Information technology costs increased by \$1.8 million due to an initiative to remain current with technology that accelerated the replacement cycle of laptops and personal computers.
- Institutional administration increased by \$4.6 million largely due to one time costs associated with College restructuring, including \$2.1 million of direct employee separation costs.

Fiscal Year 2008 Compared to 2007

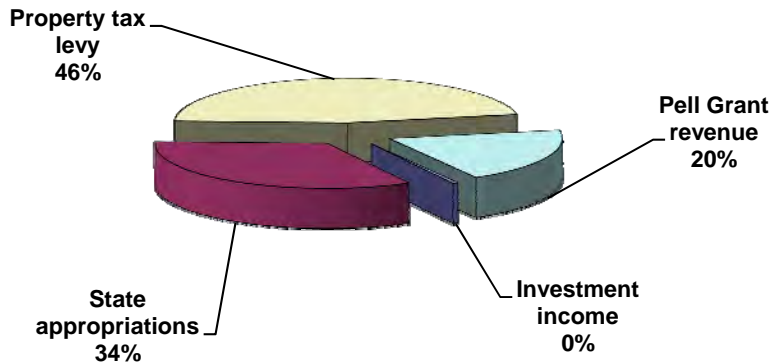
Total operating expenses are up by approximately \$3.0 million. Factors that influence this increase are:

- Instructional costs decreased by \$0.4 million due to more efficient delivery of sections.
- Student services costs decreased by \$0.4 million due to a redeployment of resources to the implementation of the new ERP system by these student services staff.
- The College’s depreciation expense decreased by \$1.0 million. The legacy ERP system was fully depreciated at the end of last year.
- Operation and maintenance of plant increased by \$2.2 million due to repairs and upgrades to the photography building as well as increased operating costs from additional space occupied during the last few years, including new and recently acquired buildings.
- Information technology costs increased by \$1.5 million due to transition issues from the legacy to the new ERP system.
- Certain public service expenditures were reclassified to more appropriately reflect the ACS guidelines.

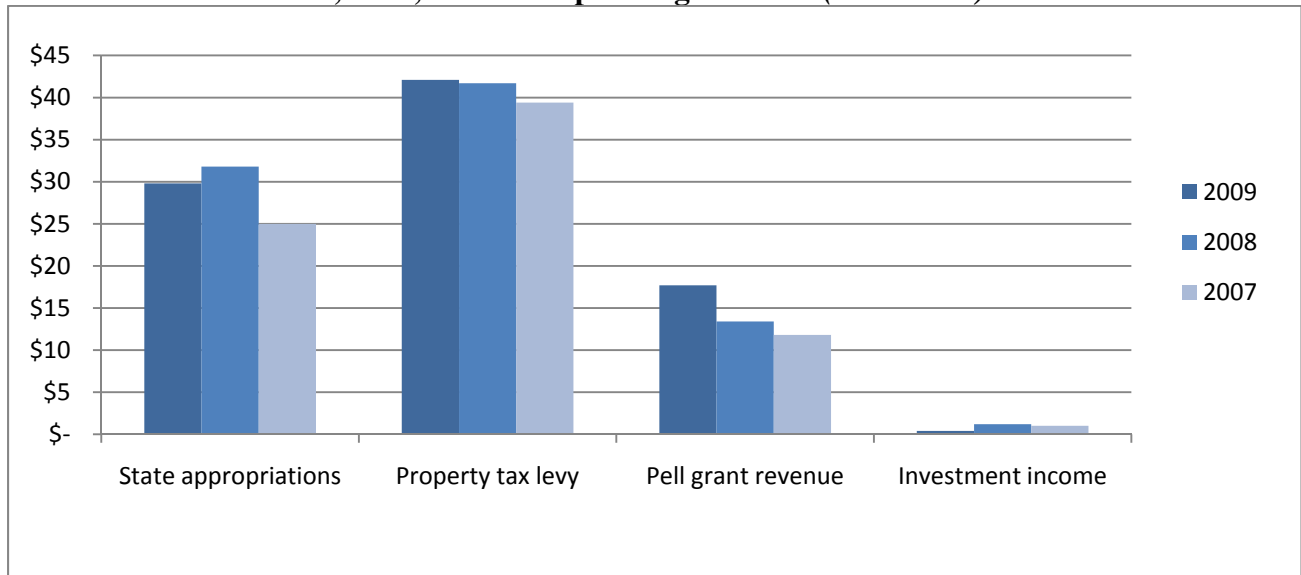
Nonoperating Revenues

Nonoperating revenues consist primarily of state appropriations, property tax revenue, investment income (including realized and unrealized gains and losses), and Pell Grant revenue.

2009 Nonoperating Revenue



2009, 2008, 2007 Nonoperating Revenue (in millions)



Fiscal Year 2009 Compared to 2008

Changes in nonoperating revenues were the result of the following factors:

- A decrease of \$2 million in state appropriations is a result of the appropriation of the delayed payment from fiscal year 2007 being recognized in 2008. (See Fiscal Year 2008 Compared to 2007 below.)
- An increase of 1.0% in property tax revenue as a result of increases in taxable values.
- Pell grant revenue increased 31.7% due to an increase in enrollment and changes in federal guidelines surrounding financial aid.
- Investment income decreased due to a significant reduction in short term interest rates.

Fiscal Year 2008 Compared to 2007

Changes in nonoperating revenues were the result of the following factors:

- An increase of 27.2% in state appropriations representing \$6.8 million. A significant portion of this increase is a result of the appropriation of the delayed payment from fiscal year 2007.
- An increase of over 5.9% in property taxes representing \$2.3 million.
- An increase in investment income due to improved cash flow from increased net assets.

Statement of Cash Flows

Another way to assess the financial health of a college is to look at the statement of cash flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a designated period. The statement of cash flows also helps users assess the College's:

- Ability to generate future net cash flows
- Ability to meet its obligations as they come due
- Needs for external financing

Cash flows for the years ended June 30, 2009, 2008 and 2007 (in millions)

	2009	2008	Increase (Decrease) 2009 - 2008	2007	Increase (Decrease) 2008 - 2007
Cash provided (used) by:					
Operating activities	\$ (79.1)	\$ (65.1)	\$ (14.0)	\$ (69.9)	\$ 4.8
Noncapital financing activities	90.2	84.5	5.7	79.9	4.6
Capital and related financing activities	(10.3)	(15.8)	5.5	(6.7)	(9.1)
Investing activities	0.4	5.5	(5.1)	1.0	4.5
Net increase (decrease) in cash	1.2	9.1	(7.9)	4.3	4.8
Cash, beginning of year	20.5	11.4	9.1	7.1	4.3
Cash, end of year	<u>\$ 21.7</u>	<u>\$ 20.5</u>	<u>\$ 1.2</u>	<u>\$ 11.4</u>	<u>\$ 9.1</u>
	2009	2008		2007	
Unrestricted cash	\$ 19.2	\$ 12.7		\$ 0.3	
Restricted cash	2.5	7.8		11.1	
Total cash	<u>\$ 21.7</u>	<u>\$ 20.5</u>		<u>\$ 11.4</u>	

Fiscal Year 2009 Compared to 2008

The College's cash and cash equivalents increased by \$1.2 million during 2009 primarily due to the closing of the 2007 Capital Improvement Fund and after the closing of the restricted in the moving of those funds to cash and cash equivalents.

Fiscal Year 2008 Compared to 2007

The College's cash and cash equivalents increased by \$9.1 million during 2008 primarily due to the increase in net assets.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2009, the College had \$167.2 million invested in capital assets, net of accumulated depreciation of \$89.7 million. Depreciation expense totaled \$8.9 million for the current fiscal year. Details of these assets at net book value for 2009, 2008 and 2007 are shown below (in millions):

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease) 2009 - 2008</u>	<u>2007</u>	<u>Increase (Decrease) 2008 - 2007</u>
Land	\$ 10.8	\$ 10.8	\$ -	\$ 10.8	\$ -
Buildings and improvements	180.1	178.0	2.1	162.3	15.7
Furniture, fixtures and equipment	62.8	54.2	8.6	48.2	6.0
Infrastructure and land improvements	3.2	3.2	-	3.2	-
Construction in progress	-	4.7	(4.7)	15.2	(10.5)
Total property and equipment	256.9	250.9	6.0	239.7	11.2
Less accumulated depreciation	89.7	80.8	8.9	73.1	7.7
Property and equipment, net	\$ 167.2	\$ 170.1	\$ (2.9)	\$ 166.6	\$ 3.5

Fiscal Year 2009 Compared to 2008

As of June 30, 2009, Lansing Community College had \$256.9 million in capital assets, \$89.7 million in accumulated depreciation, and \$167.2 million in net capital assets. This investment in capital assets includes land, buildings and improvements, and equipment. The total decrease in the College's net capital assets for the current fiscal year is \$2.9 million. Annual depreciation for 2009 was \$8.9 million. The increase in depreciation was due to the completion of the University Center, the Banner ERP system, and other capital additions completed in 2008.

Major capital asset events for 2009 include the completion of the Banner ERP system for \$6.8 million.

Fiscal Year 2008 Compared to 2007

As of June 30, 2008, Lansing Community College had \$250.9 million in capital assets, \$80.7 million in accumulated depreciation, and \$170.1 million in net capital assets. This investment in capital assets includes land, buildings and improvements, equipment, and construction in progress. The total increase in the College's net assets for 2008 is \$3.5 million. Annual depreciation for 2008 was \$7.8 million.

Major capital asset events for 2008 include:

The completion of the University Center for \$10.5 million

Capitalization of the Finance and HR components of the Banner ERP system costing \$4.4 million

Debt

At year end, the College had \$66.2 million in outstanding debt including five outstanding bond issues. The 2002 bond issue will be paid off in May of 2012, the 2003 bond issue will be paid off in May of 2022, the 2005 bond issue will be paid off in May of 2022, the 2006 bond issue will be paid off in May of 2026 and the 2007 bond issue will be paid off in May of 2026. The table below summarizes these amounts (in millions).

	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease) 2009 - 2008</u>	<u>2007</u>	<u>Increase (Decrease) 2008 - 2007</u>
2002 building & site bonds	\$ 9.1	\$ 11.7	\$ (2.6)	\$ 14.2	\$ (2.5)
2003 building & site bonds	13.6	15.1	(1.5)	16.6	(1.5)
2005 building & site bonds	22.6	22.8	(0.2)	22.9	(0.1)
2006 building & site bonds	9.9	9.9	-	9.9	-
2007 building & site bonds	9.5	9.5	-	9.5	-
National City note payable	1.5	1.7	(0.2)	1.9	(0.2)
Less current portion of long-term debt	(4.7)	(4.4)	0.3	(4.2)	(0.2)
Long-term debt, net of current portion	<u>\$ 61.5</u>	<u>\$ 66.3</u>	<u>\$ (4.8)</u>	<u>\$ 70.8</u>	<u>\$ (4.5)</u>

Economic Factors That Will Affect the Future

In fiscal year 2002, Lansing Community College received more than \$32 million in state appropriations. Since that time, Michigan community colleges have experienced a decrease in state appropriations resulting in State appropriations for the fiscal year ended June 30, 2007 at \$28.3 million. During the fiscal year ended June 30, 2007 the state cut funding as a result of changes in tax structure and the Michigan economy. The final state appropriation for the fiscal year ended June 30, 2007 was \$25.0 million. This included a “delay” in the final state aid payment of \$2.6 million (which the state restored for next fiscal year with an appropriations bill in September, 2007). The State offset another \$1.2 million of reduction with a one for one reduction in contribution to the Michigan Public School Employees’ Retirement System (“MPERS”) retirement fund as a result of an actuarial adjustment. For the fiscal year ended June 30, 2008 the final appropriation included \$29.2 million in base appropriation plus the restoration of the 2007 delayed payment of \$2.6 million. For the fiscal year ended June 30, 2009 state appropriations are \$2.0 million lower than 2008 primarily due to the delayed payment for 2007 being paid in 2008.

The current and projected economic outlook for Michigan includes significant reductions in domestic automobile sales resulting in further reductions in jobs and employment. The State budget projections for Community College funding are flat, with a risk of possible reductions in the future. The College must continue to identify other sources of revenue beyond State aid.

Property tax revenue to the College remained flat in 2009. Lansing Community College remains near the bottom of Michigan’s 28 community colleges in terms of taxable value per Fiscal Year Equated Student (FYES). Growth in property tax revenue will possibly decline in the subsequent fiscal year as a result of declining real estate market values.

The College faces continued increases in benefit costs. The contribution rate to the MPERS system was 12.17% of all wages and salaries in fiscal year 2002. The contribution rate for the year ended June 30, 2009 was 16.72% through September 30, 2008 and decreased to 16.54% effective October 2008 through June 30, 2009. The rate for the year ended June 30, 2008 was 17.74% through September 30, 2007 and decreased to 16.72% effective October 2007 through June 30, 2008. The rate for the year ended June 30, 2007 was 16.34% of payroll through September 30, 2006 and 17.74% effective October 1, 2006 through June 30, 2007. The College now budgets approximately \$60 million in salaries and wages (excluding student staff), so each 1% increase in contribution rate equates to approximately \$600,000 more in retirement contribution costs. Current state calculations project the contribution rate effective October 1, 2009 to be 16.94%.

The College has addressed these issues. It reduced current operating costs for the upcoming fiscal year by approximately \$9 million through process efficiencies, improved budget management controls and restructured staff through both voluntary and involuntary reductions.

Contacting the College's Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office, Lansing Community College, P. O. Box 40010, Lansing, Michigan 48901-7210.

LANSING COMMUNITY COLLEGE

STATEMENTS OF NET ASSETS

ASSETS	Primary Government Lansing Community College		Component Unit Lansing Community College Foundation	
	June 30,		June 30,	
	2009	2008	2009	2008
Current assets				
Cash and cash equivalents	\$ 19,258,916	\$ 12,733,701	\$ 300,807	\$ 44,540
Short-term investments	2,294,300	2,289,200	497,579	687,888
Property taxes receivable, net	944,155	1,234,454	-	-
State appropriations receivable	5,411,365	5,306,146	-	-
State capital appropriations receivable	148,564	2,425,881	-	-
Accounts receivable, net	6,478,762	5,123,871	173,921	209,735
Federal and state grants receivable	3,828,517	3,980,348	-	-
Inventories	175,107	130,085	-	-
Prepaid expenses and other assets	28,965	12,205	-	-
Total current assets	38,568,651	33,235,891	972,307	942,163
Restricted cash - unspent bond proceeds	2,474,623	7,779,759	-	-
Long-term investments	1,000,000	1,355,123	7,172,742	8,265,918
Promises to give, net of current portion	-	-	363,022	489,242
Bond issuance costs, net	738,250	793,147	-	-
Property and equipment, net	167,243,944	170,142,530	-	-
Total assets	\$ 210,025,468	\$ 213,306,450	\$ 8,508,071	\$ 9,697,323
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 3,197,791	\$ 3,149,068	\$ 436,357	\$ 332,060
Accrued payroll and other compensation	8,996,021	6,032,208	-	-
Accrued vacation	1,727,407	1,512,748	-	-
Accrued interest payable	481,309	511,673	-	-
Unearned revenue	3,187,645	2,561,402	-	-
Current portion of debt obligations	4,672,712	4,463,668	-	-
Total current liabilities	22,262,885	18,230,767	436,357	332,060
Long-term debt obligations, net of current portion	61,486,418	66,255,870	-	-
Total liabilities	83,749,303	84,486,637	436,357	332,060
Net assets				
Invested in capital assets, net of related debt	103,559,437	107,118,926	-	-
Restricted:				
Restricted fund activities	171,618	171,618	-	-
Non-expendable - permanently restricted	-	-	5,262,173	5,153,967
Expendable - temporarily restricted	-	-	2,933,297	3,651,417
Unrestricted (deficit)	22,545,110	21,529,269	(123,756)	559,879
Total net assets	126,276,165	128,819,813	8,071,714	9,365,263
Total liabilities and net assets	\$ 210,025,468	\$ 213,306,450	\$ 8,508,071	\$ 9,697,323

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

	Primary Government Lansing Community College Year Ended June 30,		Component Unit Lansing Community College Foundation Year Ended June 30,	
	2009	2008	2009	2008
	Operating revenues			
Tuition and fees (net of scholarship allowances of \$18,011,965 and \$14,834,794, respectively)	\$ 29,903,915	\$ 30,337,889	\$ -	\$ -
Federal grants and contracts	4,403,203	4,161,928	-	-
State grants and contracts	1,081,916	1,170,917	-	-
Local grants and contracts	2,737,122	2,774,743	-	-
Sales and services of educational activities	1,644,901	1,269,628	-	-
Sales and services of auxiliary activities	3,338,948	2,872,679	-	-
Miscellaneous	502,223	358,168	-	-
Total operating revenues	43,612,228	42,945,952	-	-
Operating expenses				
Instruction	42,324,808	39,503,913	-	-
Information technology	9,080,727	7,307,373	-	-
Public services	3,134,027	3,022,360	-	-
Instructional support	20,865,525	19,038,555	-	-
Student services	16,694,809	16,380,678	-	-
Institutional administration	12,716,455	8,071,542	-	-
Operation and maintenance of plant	20,417,517	16,306,001	-	-
Depreciation expense	8,949,125	7,680,791	-	-
Foundation operations and fundraising	-	-	758,391	607,994
Total operating expenses	134,182,993	117,311,213	758,391	607,994
Operating loss	(90,570,765)	(74,365,261)	(758,391)	(607,994)
Nonoperating revenues (expenses)				
State appropriations	29,762,500	31,810,203	-	-
Property tax levy	42,147,127	41,722,075	-	-
Pell Grant revenue	17,684,893	13,428,753	-	-
Investment income (loss)	437,689	1,244,354	(1,184,417)	(294,074)
Interest on capital asset - related debt	(3,097,828)	(3,241,375)	-	-
Gifts	-	-	1,557,545	1,215,458
Payments to primary government	-	-	(1,016,492)	(1,932,815)
Net nonoperating revenues (expenses)	86,934,381	84,964,010	(643,364)	(1,011,431)
Other revenues				
State capital appropriations	1,092,736	2,532,140	-	-
Capital gifts	-	1,089,597	-	-
Additions to permanent endowment funds	-	-	108,206	137,778
Total other revenues	1,092,736	3,621,737	108,206	137,778
Change in net assets	(2,543,648)	14,220,486	(1,293,549)	(1,481,647)
Net assets, beginning of year	128,819,813	114,599,327	9,365,263	10,846,910
Net assets, end of year	\$ 126,276,165	\$ 128,819,813	\$ 8,071,714	\$ 9,365,263

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

	Primary Government Lansing Community College Year Ended June 30,	
	2009	2008
Cash flows from operating activities		
Tuition and fees	\$ 28,019,861	\$ 29,760,243
Grants and contracts	8,222,241	9,967,755
Payments to suppliers	(32,622,322)	(31,421,595)
Payments to or on behalf of employees	(88,180,898)	(78,670,482)
Educational enterprise charges	1,644,901	1,951,275
Auxiliary enterprise charges	3,338,948	2,872,679
Other	502,223	358,168
Net cash used in operating activities	(79,075,046)	(65,181,957)
Cash flows from noncapital financing activities		
Local property taxes	42,437,426	41,885,208
Pell Grant receipts	18,078,600	14,155,094
William D. Ford direct lending receipts	46,244,256	28,567,036
William D. Ford direct lending disbursements	(46,244,256)	(28,567,036)
State scholarship and grant receipts	3,794,606	3,359,597
State scholarship and grant disbursements	(3,794,606)	(3,359,597)
State appropriations	29,657,281	28,508,279
Net cash provided by noncapital financing activities	90,173,307	84,548,581
Cash flows from capital and related financing activities		
Purchase of capital assets	(6,050,538)	(11,200,649)
Principal paid on capital debt	(4,463,667)	(4,224,947)
Discount on bonds	(43,527)	(46,284)
Capital gifts	-	1,089,597
State capital appropriations	3,370,053	1,698,465
Interest paid on capital debt	(3,128,192)	(3,097,625)
Net cash used in capital and related financing activities	(10,315,871)	(15,781,443)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	1,000,000	7,422,120
Interest on investments	437,689	1,244,354
Purchases of investments	(1,000,000)	(3,110,977)
Net cash provided by investing activities	437,689	5,555,497
Net increase in cash	1,220,079	9,140,678
Cash, beginning of year	20,513,460	11,372,782
Cash, end of year	\$ 21,733,539	\$ 20,513,460

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

LANSING COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS (Concluded)

	Primary Government Lansing Community College Year Ended June 30,	
	2009	2008
Reconciliation of net operating loss to net cash used in operating activities		
Operating loss	\$ (90,570,765)	\$ (74,365,261)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	8,949,124	7,680,791
Amortization of bond issuance costs	54,897	55,697
Amortization of bond premium	(192,732)	(192,473)
Accretion of bond discount	2,757	5,142
Amortization of loss on refunding	93,075	93,075
(Increase) decrease in operating assets:		
Accounts receivable, net	(1,354,891)	(732,964)
Federal and state grants receivable	151,831	2,541,814
Inventories	(45,022)	(10,159)
Prepaid expenses and other current assets	(16,758)	42,384
Increase (decrease) in operating liabilities:		
Accounts payable	48,723	(2,369,381)
Accrued payroll and other compensation	2,963,813	2,436,091
Accrued vacation	214,659	272,176
Unearned revenue	626,243	(638,889)
Net cash used in operating activities	\$ (79,075,046)	\$ (65,181,957)

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

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Lansing Community College (the “College”) have been prepared in accordance with generally accepted accounting principles (“GAAP”) as applicable to public colleges and universities as described in Governmental Accounting Standards Board (“GASB”) Statement No. 35 and the *Manual for Uniform Financial Reporting—Michigan Public Community Colleges* (the “MUFRR”). The College follows the “business-type” activities model of GASB Statement No. 35. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. The College’s functional expense classifications are in accordance with the guidance in the MUFRR.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The College has elected not to follow subsequent private-sector guidance.

A. Reporting Entity

Lansing Community College is a Michigan community college with its main campus located in Lansing, Michigan. The College is governed by a Board of Trustees consisting of seven members.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board 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 determined that Lansing Community College Foundation (the “Foundation”) meets the criteria of a component unit.

Lansing Community College Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The board of the Foundation is self-perpetuating and consists of friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College’s financial statements. The College provides certain support and facilities to the Foundation.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

During the year ended June 30, 2009 and 2008, the Foundation distributed \$1,016,492 and \$1,932,815, respectively, to the College for both restricted and unrestricted purposes. Complete financial statements prepared in accordance with accounting standards established by the Financial Accounting Standards Board for the Foundation can be obtained from the Administrative Office at 520 N. Capitol Avenue, Lansing, Michigan, 48901-7210.

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

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

C. Cash and Cash Equivalents

Cash and cash equivalents consists of demand deposits in banks, cash on hand, and highly liquid investments with an initial maturity of three months or less.

D. Investments

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

E. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist of expendable supplies held for consumption and resale.

F. 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.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

G. Property and Equipment

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and improvements	40 years
Furniture, fixtures and equipment	5 - 20 years
Infrastructure and land improvements	10 - 20 years

Buildings and major building improvements are depreciated using a 10% salvage value. The College's capitalization policy is to capitalize individual amounts exceeding \$5,000.

H. Prepaid Expenses and Other Assets

Expenses, such as insurance premiums, that are expected to be of benefit within the next fiscal year are included in prepaid expenses. Deposits paid for equipment not yet received are included in other assets.

I. Revenue and Expense Recognition

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

Revenues received prior to year-end that are related to the next fiscal period are recorded as unearned revenues. Unearned revenue relates primarily to student tuition and fees on the summer semester and student deposits. The 2009 summer semester began June 6, 2009 and ended August 2, 2009. The 2008 summer semester began June 6, 2008 and ended August 1, 2008.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

J. Property Tax Levy

Property taxes levied by the College are collected by various municipalities and periodically remitted to the College. The taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. Property tax revenues are recognized when levied to the extent that they are determined to be collectible. Property taxes receivable are recorded net of an allowance for uncollectibles. For the years ended June 30, 2009 and 2008, the College levied 3.8072 mills per \$1,000 of assessed valuation for general operations.

K. State Appropriations Revenue

State appropriations revenue has been recorded in accordance with the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges*. For the year ended June 30, 2007, the State of Michigan delayed state appropriation payments totaling \$2,626,700. The delayed payment was paid in October 2007 and as a result was recorded as fiscal year 2008 revenue.

L. Internal Service Activities

Both revenue and expenses related to internal service activities including print shops, office equipment, maintenance, telecommunications, and institutional services have been eliminated.

M. Accrued Vacation

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

N. Long-Term Obligations

In the College's financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

O. Sabbatical Leaves

In accordance with the collective bargaining agreement between the College and its faculty, the College grants sabbatical leaves to various full-time instructors. The leaves are granted to enhance the professional competence of the instructors, who are required to return to the College for a period of one year. Compensation is recorded as an expense in the fiscal year that the leave is taken.

P. Use of Estimates

The process of preparing basic financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts. Estimates include allowances for doubtful accounts and estimated useful lives and salvage value of property.

Q. Foundation Reporting

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (“FASB”) standards, including Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial reporting for these differences.

R. Subsequent Events

In preparing these financial statements, we have evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2009, the most recent statement of net assets presented herein, through October 13, 2009, the issuance date of these financial statements.

S. Reclassifications

Certain 2008 amounts have been reclassified to conform to the 2009 presentation.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS

As of June 30, 2009, the College had the following investment securities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard & Poor's Rating</u>	<u>%</u>
Money market funds	\$18,802,733	0.0027	N/A	98.17 %
Freddie Mac	<u>350,546</u>	<u>0.0411</u>	AAA	<u>1.83 %</u>
Total fair value	<u>\$19,153,279</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>0.0034</u>		

As of June 30, 2008, the College had the following investment securities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Standard & Poor's Rating</u>	<u>%</u>
Money market funds	\$ 13,076,690	0.0027	N/A	86.69%
Fannie Mae	1,000,310	1.3334	AAA	6.63%
U.S. Treasury N/B	652,923	0.1189	AAA	4.33%
Freddie Mac	<u>354,813</u>	<u>0.1840</u>	AAA	<u>2.35%</u>
Total fair value	<u>\$ 15,084,736</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>0.1067</u>		

1 day maturity equals .0027; one year equals 1.00.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Interest rate risk. In accordance with its investment policy, the College will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the College's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations ("NRSRO"). The College does not allow direct investment in corporate bonds.

Concentration of credit risk. The College will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the College's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

No more than \$10,000,000 shall be invested in any of the following:

1. The certificates of deposit, savings accounts, or share certificates of any one financial institution.
2. The bankers' acceptances of any one bank.
3. The commercial paper of any one issuer.

Investments in commercial paper rated prime 1, certificates of deposit, savings accounts, share certificates, or bankers' acceptances may not exceed 5% of the issuer's net worth at the time of purchase by the College. Investments in commercial paper rated prime 2 may not exceed 3% of the issuer's net worth at the time of purchase by the College.

The investment officer will attempt to match investments with anticipated cash flow requirements to prevent the need to sell securities before maturation.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank or financial institution failure, the College's deposits may not be returned to it because the bank or financial institution was uninsured and uncollateralized. At June 30, 2009, \$5,653,332 of the College's bank balance of \$6,947,122 was uninsured and uncollateralized. As June 30, 2008, \$12,140,071 of the College's bank balance of \$12,340,071 was uninsured and uncollateralized. As of June 30, 2009 and 2008, no more than \$10 million was invested in any one financial institution. Interest bearing accounts and money market deposit accounts are included in the above totals.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Custodial credit risk - investments. For an investment, 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.

The College will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the College will do business.

Foreign currency risk. The College is not authorized to invest in investments which have this type of risk.

The College is authorized by Michigan Public Act 331, as amended through 1997, and by resolution of the Board of Trustees, to invest surplus monies in:

1. Bonds, bills or notes of the United States (or of an agency or instrumentality of the United States) or obligations of this state.
2. Negotiable certificates of deposit, savings accounts, or other interest earning deposit accounts of a financial institution. As used in this subdivision, "financial institution" means a bank that is a member of the Federal Deposit Insurance Corporation ("FDIC"), a savings and loan association that is a member of the Federal Savings and Loan Insurance Corporation, or a credit union whose deposits are insured by the National Credit Union Administration that have their principal office or a branch office in Michigan and which otherwise meets the requirement imposed by law.
3. Bankers' acceptances that are issued by a bank that is a member of the Federal Deposit Insurance Corporation.
4. Commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the Federal Deposit Insurance Corporation.
5. Commercial paper of corporation rated prime by at least one of the standard rating services.
6. Mutual funds, trusts or investment pools composed entirely of instruments that are eligible collateral.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

7. Repurchase agreements against eligible collateral of the type specified in subsection (1) hereof, the market value of which must be maintained during the life of the agreements at levels equal to or greater than the amounts advanced. An undivided interest in the instruments pledged for these agreements must be granted to the College and the securities held by an independent custodial bank for the College without any right of set off. The repurchase agreement may allow for the substitution of collateral but shall not otherwise allow for the pledging or transfer of such collateral.
8. Investment pools, as authorized by the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed entirely of instruments that are legal for direct investment by a community college.

Deposit and investment amounts previously reported in Note 2 are as follows:

	<u>2009</u>	<u>2008</u>
Deposits	\$ 5,874,560	\$ 9,073,047
Investments	<u>19,153,279</u>	<u>15,084,736</u>
	<u>\$ 25,027,839</u>	<u>\$ 24,157,783</u>

The above amounts are reported in the statement of net assets as follows:

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 19,258,916	\$ 12,733,701
Short-term investments, including money market funds	2,294,300	2,289,200
Restricted cash	2,474,623	7,779,759
Long-term investments	<u>1,000,000</u>	<u>1,355,123</u>
	<u>\$ 25,027,839</u>	<u>\$ 24,157,783</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

3. PROPERTY TAXES AND ACCOUNTS RECEIVABLE

Property taxes receivable, net at June 30 consists of the following:

	<u>2009</u>	<u>2008</u>
Property taxes receivable	\$ 1,768,976	\$ 2,051,854
Less allowance for doubtful collection	<u>(824,821)</u>	<u>(817,400)</u>
Property taxes receivable, net	<u>\$ 944,155</u>	<u>\$ 1,234,454</u>

Accounts receivable, net at June 30 consists of the following:

	<u>2009</u>	<u>2008</u>
Accounts receivable	\$13,420,778	\$10,730,807
Less allowance for doubtful collection	<u>(6,942,016)</u>	<u>(5,606,936)</u>
Accounts receivable, net	<u>\$ 6,478,762</u>	<u>\$ 5,123,871</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY AND EQUIPMENT

Capital assets activity for the years ended June 30, 2009 and 2008 follows:

	Balance, July 1, 2008	Additions	Deletions	Transfers	Balance, June 30, 2009
Capital assets not being depreciated:					
Land	\$ 10,804,778	\$ -	\$ -	\$ -	\$ 10,804,778
Construction in Progress	4,669,722	-	-	(4,669,722)	-
Total capital assets not being depreciated	15,474,500	-	-	(4,669,722)	10,804,778
Capital assets being depreciated:					
Buildings and improvements	177,994,108	2,135,647	-	-	180,129,755
Furniture	2,755,780	-	-	-	2,755,780
Instructional equipment	10,304,242	790,320	-	-	11,094,563
Operational equipment	8,894,296	139,277	-	-	9,033,573
Technology equipment and computers	28,894,750	2,583,744	-	4,669,722	36,148,216
Vehicles	3,380,370	401,550	-	-	3,781,920
Infrastructure and land improvements	3,204,561	-	-	-	3,204,561
Total capital assets being depreciated	235,428,107	6,050,538	-	4,669,722	246,148,368
Less accumulated depreciation:					
Buildings and improvements	36,949,559	4,374,279	-	-	41,323,838
Furniture and equipment	42,586,079	4,375,494	-	-	46,961,573
Infrastructure and land improvements	1,224,441	199,351	-	-	1,423,792
Total accumulated depreciation	80,760,079	8,949,124	-	-	89,709,203
Capital assets being depreciated, net	154,668,028	(2,898,586)	-	4,669,722	156,439,165
Property and equipment, net	\$ 170,142,528	\$ (2,898,586)	\$ -	\$ -	\$ 167,243,943

	Balance, July 1, 2007	Additions	Deletions	Transfers	Balance, June 30, 2008
Capital assets not being depreciated:					
Land	\$ 10,804,778	\$ -	\$ -	\$ -	\$ 10,804,778
Construction in Progress	15,236,448	9,546,675	-	(20,113,402)	4,669,722
Total capital assets not being depreciated	26,041,226	9,546,675	-	(20,113,402)	15,474,500
Capital assets being depreciated:					
Buildings and improvements	162,290,743	-	-	15,703,365	177,994,108
Furniture	2,149,371	587,464	-	18,946	2,755,780
Instructional equipment	9,895,756	408,486	-	-	10,304,242
Operational equipment	8,831,932	62,364	-	-	8,894,296
Technology equipment and computers	24,038,817	480,097	(15,255)	4,391,091	28,894,750
Vehicles	3,264,808	115,563	-	-	3,380,371
Infrastructure and land improvements	3,204,561	-	-	-	3,204,561
Total capital assets being depreciated	213,675,989	1,653,974	(15,255)	20,113,402	235,428,109
Less accumulated depreciation:					
Buildings and improvements	33,310,146	3,639,413	-	-	36,949,559
Furniture and equipment	38,748,451	3,852,883	(15,255)	-	42,586,079
Infrastructure and land improvements	1,035,946	188,495	-	-	1,224,441
Total accumulated depreciation	73,094,543	7,680,791	(15,255)	-	80,760,079
Capital assets being depreciated, net	140,581,446	(6,026,817)	-	-	154,668,030
Property and equipment, net	\$ 166,622,672	\$ 3,519,858	\$ -	\$ -	\$ 170,142,530

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

5. UNEARNED REVENUE

Unearned revenue at June 30 consists of the following:

	<u>2009</u>	<u>2008</u>
Student tuition and fees	\$ 3,043,076	\$ 2,385,422
Restricted grants	-	95,757
Student deposits	<u>144,569</u>	<u>80,223</u>
Total	<u>\$ 3,187,645</u>	<u>\$ 2,561,402</u>

6. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 69,015,276	\$ -	\$ 4,316,900	\$ 64,698,376	\$ 4,420,000
Note payable	<u>1,704,262</u>	<u>-</u>	<u>243,508</u>	<u>1,460,754</u>	<u>252,712</u>
Total long-term debt	<u>\$ 70,719,538</u>	<u>\$ -</u>	<u>\$ 4,560,408</u>	<u>\$ 66,159,130</u>	<u>\$ 4,672,712</u>

Long-term debt activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 73,099,531	\$ -	\$ 4,084,255	\$ 69,015,276	\$ 4,220,000
Note payable	<u>1,939,209</u>	<u>-</u>	<u>234,947</u>	<u>1,704,262</u>	<u>243,668</u>
Total long-term debt	<u>\$ 75,038,740</u>	<u>\$ -</u>	<u>\$ 4,319,202</u>	<u>\$ 70,719,538</u>	<u>\$ 4,463,668</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The following is a summary of long-term debt obligations for the College as of June 30:

	<u>2009</u>	<u>2008</u>
2002 building and site bonds due in installments of \$2,275,000 to \$3,150,000 through May 1, 2012 plus interest at 3.5% to 5.0%	\$ 9,075,000	\$ 11,750,000
2003 building and site and refunding bonds due in installments of \$690,000 to \$1,545,000 through May 1, 2022 plus interest at 3.3% to 5.0%	13,590,000	15,135,000
2005 building and site and refunding bonds due in installments of \$275,000 to \$3,990,000 through May 1, 2022 plus interest at 3.5% to 5.0%	21,740,000	21,740,000
2006 general obligation limited tax bonds due in installments of \$325,000 to \$875,000 through May 1, 2026 plus interest at 3.7% to 3.9%	9,900,000	9,900,000
2007 general obligation limited tax bonds due in installments of \$230,000 to \$900,000 through May 1, 2026 plus interest at 4.0 to 4.3% %	9,470,000	9,470,000
Plus: premium on bond refunding	2,176,883	2,369,615
Less: discount on bonds	(43,527)	(46,284)
Less: deferred loss on bond refunding	<u>(1,209,980)</u>	<u>(1,303,055)</u>
Total bonded debt	64,698,376	69,015,276
Note payable – bank, secured by equipment, with monthly payments of \$25,152 with interest at 3.65%, maturing October 2014	<u>1,460,754</u>	<u>1,704,262</u>
Total long-term debt obligations	<u>\$ 66,159,130</u>	<u>\$ 70,719,538</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Scheduled principal and interest requirements of bonds payable for years succeeding June 30, 2009 are summarized as follows:

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 4,672,712	\$ 2,936,972	\$ 7,609,844
2011	4,912,092	2,725,866	7,637,958
2012	5,111,820	2,530,626	7,642,445
2013	5,336,909	2,297,245	7,634,154
2014	5,577,213	2,049,985	7,627,198
2015 - 2019	23,270,008	6,346,057	29,615,906
2020 - 2024	12,855,000	2,167,368	15,022,368
2025 - 2026	3,500,000	216,428	3,716,428
	65,235,754	21,270,547	86,506,301
Premium on refunding	2,176,883	-	2,176,883
Discount on bonds	(43,527)	-	(43,527)
Loss on refunding	(1,209,980)	-	(1,209,980)
Total as of June 30, 2009	\$ 66,159,130	\$ 21,270,547	\$ 87,429,677

Scheduled principal and interest requirements of bonds payable for years succeeding June 30, 2008 are summarized as follows:

Fiscal Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 4,463,668	\$ 3,128,190	\$ 7,591,858
2010	4,672,712	2,936,972	7,609,684
2011	4,912,092	2,725,866	7,637,958
2012	5,111,820	2,530,626	7,642,446
2013	5,336,909	2,297,245	7,634,154
2014 - 2018	25,892,061	7,567,320	33,459,381
2019 - 2023	14,160,000	2,785,164	16,945,164
2024 - 2026	5,150,000	427,354	5,577,354
	69,699,262	24,398,737	94,097,999
Premium on refunding	2,369,615	-	2,369,615
Discount on bonds	(46,284)	-	(46,284)
Loss on refunding	(1,303,055)	-	(1,303,055)
Total	\$ 70,719,538	\$ 24,398,737	\$ 95,118,275

Interest is payable semi-annually on the bonds payable and monthly on the note payable at rates ranging from 3.3% to 5.0%. The principal and interest are generally payable from the College's nonoperating revenues. Certain bonds are callable at par and accrue interest plus a premium. Total interest charged to expense for the years ended June 30, 2009 and 2008 was \$3,097,828 and \$3,241,375, respectively.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The College has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. At June 30, 2009 and 2008, \$17,550,000 and \$18,510,000, respectively of bonds outstanding were considered defeased.

7. EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN

Plan Description - The College contributes to the statewide Michigan Public School Employees' Retirement System ("MPERS"), a cost sharing multiple-employer state-wide defined benefit public employee retirement plan governed by the State of Michigan. The MPERS provides retirement survivor and disability benefits and postretirement benefits for health, dental and vision for substantially all employees of the College. The MPERS was established by Public Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (800) 381-5111.

Funding Policy - Member Investment Plan ("MIP") members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000, 3.6% of \$5,001 through \$15,000, and 4.3% of all wages over \$15,000. Members first hired July 1, 2008 or later contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 6.4% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ended December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The College is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts. The total rate for the year ended June 30, 2009 was 16.72% through September 30, 2008 and decreased to 16.54% effective October 2008 through June 30, 2009. The total rate for the year ended June 30, 2008 was 17.74% through September 30, 2007 and decreased to 16.72% effective October 2007 through June 30, 2008. The total rate for the year ended June 30, 2007, was 16.34% through September 30, 2006, and increased to 17.74% effective October 2006 through June 30, 2007. The contribution requirements of plan members and the College are established and may be amended by the MPERS Board of Trustees.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The College also contributes to the MPSERS healthcare plan, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by MPSERS. This plan provides medical benefits to retired employees of participating community colleges. Participating community colleges are contractually required to make monthly contributions to the plan at amounts assessed each year by MPSERS (current rate of 6.55% of annual covered payroll, which is included in the total of MPSERS rate disclosed above). The MPSERS board of trustees sets the employer contributions based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The College's contributions to the MPSERS healthcare plan for the years ended June 30, 2009, 2008 and 2007 equaled the required contributions each year. Thus, the College did not book a liability for this postemployment healthcare.

The College's total contributions to MPSERS for the years ended June 30, 2009, 2008, and 2007 were \$9,127,613, \$8,084,450 and \$8,051,800, respectively.

Per MPSERS Comprehensive Annual Financial Report ("CAFR") as of September 30, 2008, the Unfunded Actuarial Accrued Liability ("UAAL") for Pensions and Other Postemployment Benefits ("OPEB/Healthcare") for MPSERS is \$5.7 billion and \$30.0 billion, respectively, and the ratio of UAAL to covered payroll is 56.8% and 253.3%, respectively.

For the fiscal year ended June 30, 2009, Lansing Community College had approximately \$55 million of covered payroll. Applying the MPSERS ratio of UAAL to Lansing Community College's covered payroll results in an estimated share of UAAL for Pension and OPEB/Healthcare of \$32.3 million and \$139.3 million, respectively.

8. OPTIONAL RETIREMENT PROGRAM - DEFINED CONTRIBUTION PLAN

Plan Description - The College has adopted the Lansing Community College Optional Retirement Plan ("ORP") under Code Section 403(A). This defined contribution plan is administered by the College and provides retirement benefits to participants. The ORP was established Pursuant to Public Act No. 296 of 1994 and permits full-time faculty and administrative staff of the College to elect an optional retirement plan in lieu of coverage under the MPSERS.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Funding Policy - The contribution requirements of plan members and the College are established by the plan document as 4.3% and 12.0% of MPSERS compensation, respectively. Institutional plan contributions will only be made for participants who have authorized the required participant plan contribution. Participant contributions are fully vested and non-forfeitable when made. Institutional contributions vest after 2 years of continuous full-time service as interpreted under MPSERS guidelines. The participant and College contributions to ORP for the year ended June 30, 2009 were \$312,383 and \$872,366, respectively. The participant and College contributions to ORP for the year ended June 30, 2008 were \$277,452 and \$774,405, respectively.

9. UNRESTRICTED NET ASSETS

The College has designated the use of unrestricted net assets as follows:

	<u>2009</u>	<u>2008</u>
Auxiliary activities	\$ 3,150,110	\$ 2,891,622
Designated for tuition stabilization	-	3,154,654
Encumbrances	1,942,405	1,751,852
Unrestricted and undesignated	<u>17,452,595</u>	<u>13,731,141</u>
Total unrestricted net assets	<u>\$ 22,545,110</u>	<u>\$ 21,529,269</u>

10. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College participates in the Middle Cities Risk Management Pool for claims relating to auto, property, and liability; the College is separately insured for medical benefits provided to employees' claims.

The Middle Cities Risk Management Trust (the "Trust") provides a single multi-peril contract under which the members are covered for various types of risk including auto, property and liability. Contributions for premiums received from members are recorded as revenue by the Trust. Claims losses, along with excess insurance premiums and services fees are recorded as expenses by the Trust. The estimated total costs of claims losses are accrued by the Trust. To the extent the group's contributions are deemed to exceed claim losses and other costs, the excess amount is refunded to the members by the Trust. If necessary, funding deficits in individual policy years are recovered through additional member contributions assessed to members of that policy year.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

11. CONTINGENCIES

The College may be subject to various legal proceedings and claims which arise in the ordinary course of its business. The College believes that the amount, if any, of ultimate liability with respect to legal actions will be immaterial or will be covered by insurance.

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Statistical Section

LANSING COMMUNITY COLLEGE

STATISTICAL SECTION

This part of the College's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the College's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax, and tuition and fees data.

Debt Capacity

These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LANSING COMMUNITY COLLEGE

FINANCIAL TRENDS

Statements of Revenues, Expenses, and Changes in Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006**</u>	<u>2005</u>	<u>2004</u>	<u>2003*</u>
OPERATING REVENUES							
Tuition and Fees (net of scholarships allowances)	\$29,903,915	\$30,337,889	\$26,232,399	\$27,583,208	\$21,388,720	\$17,735,786	\$17,521,914
Federal Grants and Contracts	4,326,131	4,161,928	4,738,870	32,836,910	27,827,169	25,781,436	22,031,821
State Grants and Contracts	1,158,988	1,170,917	1,856,065	5,634,449	4,575,191	3,843,123	5,436,910
Local Grants and Contracts	2,737,122	2,774,743	1,526,458	1,428,950	1,435,047	1,586,287	1,554,947
Sales and services of educational activities	1,644,901	1,269,628	2,347,778	2,691,093	2,603,223	1,952,858	2,057,646
Sales and services of auxiliary activities	3,338,948	2,872,679	2,624,492	2,478,900	1,610,893	1,268,932	1,745,387
Miscellaneous	<u>502,223</u>	<u>358,168</u>	<u>258,154</u>	<u>87,868</u>	<u>179,355</u>	<u>9,117</u>	<u>501,315</u>
Total Operating Revenues	<u>43,612,228</u>	<u>42,945,952</u>	<u>39,584,216</u>	<u>72,741,378</u>	<u>59,619,598</u>	<u>52,177,539</u>	<u>50,849,940</u>
OPERATING EXPENSES							
Instruction	42,324,808	39,503,913	39,862,366	38,379,956	36,707,105	33,724,296	37,014,052
Information technology	9,080,727	7,307,373	5,796,646	7,772,956	6,189,584	6,278,344	-
Public services	3,134,027	3,022,360	1,842,137	1,865,518	802,405	470,303	734,605
Instructional support	20,865,525	19,038,555	19,147,107	17,074,691	16,441,751	13,104,317	21,481,017
Student services	16,694,809	16,380,678	16,774,351	38,255,517	33,083,298	31,326,308	26,739,064
Institutional administration	12,716,455	8,071,542	8,038,973	9,292,787	11,026,050	13,512,432	11,909,872
Operation and maintenance of plant	20,417,517	16,306,001	14,133,693	14,057,156	11,558,577	10,781,525	13,746,695
Depreciation expense	<u>8,949,125</u>	<u>7,680,791</u>	<u>8,678,276</u>	<u>7,797,489</u>	<u>9,219,598</u>	<u>8,016,380</u>	<u>4,893,520</u>
Total Operating Expenses	<u>134,182,993</u>	<u>117,311,213</u>	<u>114,273,549</u>	<u>134,496,070</u>	<u>125,028,368</u>	<u>117,213,905</u>	<u>116,518,825</u>
Operating Income (Loss)	<u>(90,570,765)</u>	<u>(74,365,261)</u>	<u>(74,689,333)</u>	<u>(61,754,692)</u>	<u>(65,408,770)</u>	<u>(65,036,366)</u>	<u>(65,668,885)</u>
NON-OPERATING REVENUES (Expenses)							
State appropriations	29,762,500	31,810,203	25,019,900	28,323,200	29,243,500	27,729,500	31,088,221
Property tax levy	42,147,127	41,722,075	39,394,072	38,133,388	36,106,835	34,460,949	32,590,694
Pell Grant revenue	17,684,893	13,428,753	11,772,511	-	-	-	-
Investment income (loss)	437,689	1,244,354	1,018,574	667,871	432,038	572,592	2,832,668
Interest on capital asset - related debt	(3,097,828)	(3,241,375)	(2,888,177)	(2,517,177)	(1,521,755)	(18,444)	(2,347,507)
Other	<u>-</u>	<u>-</u>	<u>(22,830)</u>	<u>321,656</u>	<u>146,425</u>	<u>121,147</u>	<u>-</u>
Net Non Operating Revenues (Expenses)	<u>86,934,381</u>	<u>84,964,010</u>	<u>74,294,050</u>	<u>64,928,938</u>	<u>64,407,043</u>	<u>62,865,744</u>	<u>64,164,076</u>
OTHER REVENUES							
State capital appropriations	1,092,736	2,532,140	1,592,206	281,190	1,195,326	2,411,101	393,570
Capital gifts	<u>-</u>	<u>1,089,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Revenues	<u>1,092,736</u>	<u>3,621,737</u>	<u>1,592,206</u>	<u>281,190</u>	<u>1,195,326</u>	<u>2,411,101</u>	<u>393,570</u>
Total Change in Net assets	<u>(2,543,648)</u>	<u>14,220,486</u>	<u>1,196,923</u>	<u>3,455,436</u>	<u>193,599</u>	<u>240,479</u>	<u>(1,111,239)</u>
NET ASSETS, beginning of year	<u>128,819,813</u>	<u>114,599,327</u>	<u>113,402,404</u>	<u>109,946,968</u>	<u>109,753,369</u>	<u>109,512,890</u>	<u>107,701,535</u>
NET ASSETS, end of year	<u>\$ 126,276,165</u>	<u>\$ 128,819,813</u>	<u>\$ 114,599,327</u>	<u>\$ 113,402,404</u>	<u>\$ 109,946,968</u>	<u>\$ 109,753,369</u>	<u>\$ 106,590,296</u>

Source: Lansing Community College Audited Financial Statements
not including Lansing Community College Foundation

* The College adopted the provisions of GASB Statement No. 34 as of July 1, 2002

* In 2004 the auditors notes that the beginning net assets had been adjusted to record additional infrastructure

** In 2007 LCC reclassified PELL Revenue as non-operating per GASB pronouncement.

LANSING COMMUNITY COLLEGE

Financial Trends

Net Assets by Components

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003*</u>
Net Assets:							
Invested in capital assets, net of related debts	\$103,559,437	\$107,118,926	\$100,880,868	\$95,890,086	\$84,098,914	\$74,738,440	\$72,764,193
Restricted for:							
Restricted fund activities	171,618	171,618	184,743	184,743	166,962	159,105	157,628
Loan programs	-	-	-	22,078	42,851	42,851	69,071
Unrestricted	<u>22,545,110</u>	<u>21,529,269</u>	<u>13,533,716</u>	<u>17,305,497</u>	<u>25,638,241</u>	<u>34,812,973</u>	<u>33,599,404</u>
Total Net Assets	<u>\$126,276,165</u>	<u>\$128,819,813</u>	<u>\$114,599,327</u>	<u>\$113,402,404</u>	<u>\$109,946,968</u>	<u>\$109,753,369</u>	<u>\$106,590,296</u>

Source: *Lansing Community College's Audited Financial Reports*
not including *Lansing Community College Foundation*

* *The College adopted the provisions of GASB Statement No. 34 as of July 1, 2002*

LANSING COMMUNITY COLLEGE

Revenue Capacity

Major Taxpayers

2009 Levy Year vs. 2001 Levy Year

2009 Levy Year

2001 Levy Year

<u>2009 Taxpayer</u>	<u>Type of Business</u>	<u>2009 Taxable Valuation</u>	<u>Rank (a)</u>	<u>Percentage of Total College District Taxable Valuation (\$8,028,496,670)</u>	<u>2001 Taxpayer</u>	<u>Type of Business</u>	<u>2001 Taxable Valuation</u>	<u>Percentage of Total College District Taxable Valuation (\$8,028,496,670)</u>
Consumers Energy	Utility	\$112,441,372	1	1.40%	General Motors	Automotive	\$226,998,081	2.83%
Meijer, Inc.	Retail	105,712,707	2	1.32%	Consumers Energy	Utility	69,647,050	0.87%
General Motors*	Automotive	51,680,640	3	0.64%	Eyde Brothers	Property Mgmt	56,609,558	0.71%
Auto Owners Insurance	Commercial	41,538,521	4	0.52%	Jackson National Life	Insurance	42,868,300	0.53%
Jackson National Life	Insurance	33,738,583	5	0.42%	Meridian Mall	Shopping Mall	22,842,423	0.28%
Inland Western Lansing Eastwood LLC	Real Estate	33,561,151	6	0.42%	Meijer, Inc.	Retail	22,337,873	0.28%
Eyde LTD Family Partnership	Property Mgmt	32,731,180	7	0.41%	Dart Container Corp.	Styrofoam Cups, etc.	22,094,272	0.28%
Dart Container **	Styrofoam Cups, etc.	29,413,208	8	0.37%	RSDC	Steel Distribution	17,330,050	0.22%
Meridian Mall	Shopping Mall	27,905,575	9	0.35%	Vector Pipeline	Nat'l Gas Pipeline	16,435,841	0.20%
Gestamps US Hardtech, Inc. ***	Metal Heat Treating	2,750,945	10	0.03%	Capital Outlook	Newspaper	15,979,796	0.20%

Source: Stauder, Barch & Associates, Inc.

* Not including IFT (Industrial Facilities Tax) Equivalent Value of \$113,885,500

** Not including IFT (Industrial Facilities Tax) Equivalent Value of \$449,600

*** Not including IFT (Industrial Facilities Tax) Equivalent Value of \$41,376,626

(a) Ranking is in terms of Ad Valorem Taxable Valuation

LANSING COMMUNITY COLLEGE

Revenue Capacity

Property Tax Levies and Collections

<u>Levy Year</u>	<u>Taxable Valuation (a)</u>	<u>Tax Rates (per \$1,000) of Valuation (a)</u>	<u>Taxes Extended</u>	<u>Collections through June 30 Each Year**</u>	<u>Percent of Taxes Extended Uncollected through June 30 Each Year</u>
2009	\$11,435,297,400	3.8072	43,536,464	-	-
2008	\$11,394,316,077	3.8072	43,380,440	41,594,429	4.12%
2007	11,173,428,053	3.8072	42,539,475	41,185,737	3.18%
2006	10,637,548,443	3.8072	40,499,274	39,394,072	2.73%
2005	10,100,025,064	3.8112	38,493,216	38,133,388	0.93%
2004	9,562,200,506	3.8375	36,694,944	35,613,968	2.95%
2003	9,026,706,588	3.8544	34,792,538	34,425,286	1.06%
2002	8,577,609,075	3.8733	33,223,653	32,416,983	2.43%
2001	8,028,496,670	3.8926	31,251,726	30,484,022	2.46%
2000	7,451,366,612	2.9106	21,687,948	21,093,460	2.74%
1999	7,154,466,118	2.9220	20,905,350	20,597,546	1.47%
1998	6,811,589,350	2.9355	19,995,421	19,640,141	1.78%

(a) Tax Rate Request (Form L-4029) to County Board of Commissioners

() The College originally had 3.0 mills in perpetuity. In November 2001, LCC's electorate approved an additional 1.0 mill in perpetuity for operating purposes*

*(**) Per LCC Controller Office*

LANSING COMMUNITY COLLEGE

Debt Capacity

Legal Debt Margin

Fiscal Year	Taxable Valuation	State Equalized Valuation*	Debt Limit (a)	Total Outstanding Bonded Debt (b)	Total Allowable for All Tax Debt (c)	Total Allowable for Limited Tax Debt (d)	Additional Limited Tax Debt Could Legally Incurred (e)
2009	11,435,297,400	11,435,297,400	1,715,294,610	64,698,376	1,650,596,234	115,602,974	50,904,598
2008	11,400,478,719	11,400,478,719	1,710,071,808	69,015,276	1,641,056,532	115,254,787	46,239,511
2007	11,108,592,218	11,108,592,218	1,666,288,833	73,099,531	1,593,189,302	112,335,922	39,236,391
2006	10,576,815,457	10,576,815,457	1,586,522,319	57,670,356	1,528,851,963	107,018,155	49,347,799
2005	10,100,025,064	10,100,025,064	1,515,003,760	61,279,754	1,453,724,006	102,250,251	40,970,497
2004	9,562,200,506	9,562,200,506	1,434,330,076	58,950,000	1,375,380,076	96,872,005	37,922,005
2003	9,026,706,588	9,026,706,588	1,354,005,988	69,168,699	1,284,837,289	91,517,066	22,348,367
2002	8,577,609,075	8,577,609,075	1,286,641,361	48,325,000	1,238,316,361	87,026,091	38,701,091
2001	8,028,496,670	8,028,496,670	1,204,274,501	7,480,000	1,196,794,501	81,534,967	74,054,967
2000	7,451,366,612	7,451,366,612	1,117,704,992	8,290,000	1,109,414,992	75,763,666	67,473,666
1999	7,154,466,118	7,154,466,118	1,073,169,918	9,050,000	1,064,119,918	72,794,661	63,744,661
1998	6,811,589,350	6,811,589,350	1,021,738,403	9,770,000	1,011,968,403	69,365,894	59,595,894

*Taxable value, rather than SEV is used beginning in 1995-96 due to property tax law change.

Activity and Classification Survey, Table 8, 1998 - 2009

Source: College Audited Financial Statements and Stauder, Barch & Associates Municipal Disclosure Annual Filing

(a) 15% of SEV

(b) College Audited Financial Statements

(c) Debt Limit less Total Outstanding Debt

(d) The College may incur indebtedness that is not greater than 1.5% of the first \$25,000,000 of SEV

of the taxable property within the college district and 1% of the excess SEV over \$250,000,000 without a vote of the electors of the College

(e) Total Allowable for Limited Tax Debt less Total Outstanding Debt

LANSING COMMUNITY COLLEGE

Demographic and Economic Information

Personal Income per Capita

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income	Unemployment Rate (3)
2009	-----	-----	-----	11.30%
2008	388,281	-----	-----	6.80%
2007	387,060	\$12,417,188	\$31,949	5.66%
2006	386,431	\$11,944,941	\$30,666	5.75%
2005	385,201	\$11,496,164	\$29,368	5.89%
2004	383,552	\$11,210,488	\$28,857	5.80%
2003	383,068	\$11,076,422	\$28,599	5.25%
2002	382,975	\$10,698,894	\$27,712	4.38%
2001	385,201	\$10,479,482	\$27,247	3.71%
2000	383,552	\$10,204,620	\$26,722	2.87%

Source: (1) U.S. Census Bureau, Population Division

(2) U.S. Bureau of Economic Analysis

(3) U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics

---- Information is unavailable

LANSING COMMUNITY COLLEGE

Top Ten Principal Employers

Year: 2009 as compared to 2000

2009					2000				
<u>Employer*</u>	<u>Product/Service</u>	<u>Rank</u>	<u>No. of Employees</u>	<u>% of Total District Population</u>	<u>Employer**</u>	<u>Product/Service</u>	<u>Rank</u>	<u>No. of Employees</u>	<u>% of Total District Population</u>
State of Michigan	Government	1	14,355	3.70%	State of Michigan	Government	1	20,000	5.19%
Michigan State University	Higher Education	2	10,500	2.70%	General Motors Corporation	Automotive	2	16,000	4.15%
General Motors Corporation	Automotive	3	6,300	1.62%	Michigan State University	Higher Education	3	12,300	3.19%
Sparrow Health System	Health Care	4	6,000	1.55%	Sparrow Hospital System	Health Care	4	6,000	1.56%
Lansing Community College	Higher Education	5	3,180	0.82%	Meijer's, Inc.	Retail	5	3,800	0.99%
Ingham Regional Medical Center	Health Care	6	2,500	0.64%	Lansing School District	Education	6	3,500	0.91%
Lansing School District	Education	7	2,106	0.54%	Ingham Regional Medical	Health Care	7	2,800	0.73%
Meijer's, Inc.	Retail	8	2,000	0.52%	U.S. Post Office	Postal Service	8	1,300	0.34%
Auto Owners Insurance	Insurance	9	1,500	0.39%	City of Lansing	Government	9	1,295	0.34%
Pecham, Inc.	Manufacturing	10	1,400	0.36%	Fasco DC Motors Division	Auto Parts	10	1,250	0.32%

Source: (*) http://www.lansingchamber.org/regional_demographics1/largest_employers.html

(**) http://www.manta.com/coms2/dnbcompany_kvys0

LANSING COMMUNITY COLLEGE

Capital Asset Statistics

Last Nine (9) Fiscal Years

Facilities Data	2009	2008	2007	2006	2005	2004	2003	2002	2001
Size of campus (acres)	109.00	109.00	109.00	101.00	92.00	92.00	87.00	87.00	37.00
Square footage of gross building space*	1,834,012	1,834,012	1,834,012	1,834,012	1,732,373	1,732,373	1,732,373	1,627,000	1,144,500
Number of classrooms	137	137	123	127	169	153	134	125	125
Institutional Administration (sq. ft.)	34,700	34,700	34,700	34,700	34,700	19,600	19,600	9,100	9,100

Source: 2001-2009 LCC Campus Master Plans

* Including leased space

LANSING COMMUNITY COLLEGE

REVENUE CAPACITY

Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and Fee Revenues Generated

Fiscal Year	FYES (1)	Unduplicated Headcount	Duplicated Headcount	Headcount per Section	Total Credit Hours	In District Tuition Rate	Out of District Tuition Rate	Out of State Tuition Rate	Tuition & Fees per FYES	Total Tuition and Fee Revenue
2009 (**)	-	-	-	-	-	\$73.00	\$134.00	\$201.00	-	-
2008	11,953	30,620	116,700	18.1	370,542	\$73.00	\$134.00	\$201.00	\$3,779	\$45,172,683
2007	11,919	34,067	122,029	21.1	369,496	\$67.00	\$120.00	\$180.00	\$3,369	\$40,160,599
2006	11,311	32,097	116,595	19.4	350,626	\$65.00	\$105.00	\$145.00	\$3,291	\$37,223,761
2005	10,863	31,263	-----	-----	-----	\$55.00	\$88.00	\$120.00	\$2,866	\$31,134,402
2004 (*)	10,488	31,046	-----	-----	-----	\$54.00	\$86.00	\$118.00	\$2,584	\$27,103,801
2003	11,137	34,700	118,777	18.2	-----	\$51.00	\$81.00	\$111.00	\$2,343	\$26,095,448
2002	10,238	32,211	109,071	18.1	317,373	\$50.00	\$79.00	\$108.00	\$2,230	\$22,830,601
2001	9,351	34,051	106,745	16.4	289,901	\$49.00	\$78.00	\$107.00	\$2,189	\$20,472,371

Source: Activity Classification Structure Data

(1) One Fiscal Year Equated Student (FYES) equals 31 semester credit hours

(*) The College started charging by Contact hours

(**) The ACS Report for June 30, 2009 is due November 1, 2009, therefore the data is not yet available.

LANSING COMMUNITY COLLEGE

Full-Time Equivalent Employees

Last Ten (10) Fiscal Years

	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00 *</u>	<u>1998-99 *</u>
ADMINISTRATORS:	182	165	163	158	155	164	174	174	-	222
Full-Time	165	149	147	145	139	147	159	156	-	222
Part-Time	52	48	47	39	48	51	44	54	-	-
Calc 1/3 p/t	17	16	16	13	16	17	15	18	-	-
FACULTY:	807	815	639	617	618	609	612	570	-	288
Full-Time	250	229	237	232	231	228	210	206	-	48
Part-Time	1,670	1,757	1,207	1,156	1,160	1,142	1,206	1,091	-	720
Calc 1/3 p/t	557	586	402	385	387	381	402	364	-	240
SUPPORT:	287	259	257	248	262	280	344	417	-	395
Full-Time	195	183	183	181	187	202	198	194	-	212
Part-Time	277	229	222	202	224	233	439	668	-	549
Calc 1/3 p/t	92	76	74	67	75	78	146	223	-	18
Actual total Employees Reported	2,609	2,595	2,043	1,955	1,989	2,003	2,256	2,369	-	1,751
TOTAL FTE	1,276	1,239	1,059	1,023	1,035	1,053	1,130	1,161	-	905

SOURCE: IPEDS Fall Staff Report (reporting all staff on payroll as of November 1st of each year)

*NOTE: IPEDS did NOT collect 1999-00 Fall Staff Report in 1999-2000 year

Definition of FTE from the Data Dictionary: The full-time equivalent (FTE) of staff is calculated by summing the total number of full-time staff from the EAP component and adding one-third of the total number of part-time staff.



Special Reports Section

**LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Combined Total	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
ASSETS							
Current assets							
Cash and cash equivalents	\$ 19,258,916	\$ 16,864,545	\$ -	\$ 2,394,307	\$ -	\$ -	\$ 64
Short-term investments	2,294,300	-	-	-	-	2,294,300	-
Property taxes receivable, net	944,155	944,155	-	-	-	-	-
State appropriations receivable	5,411,365	5,411,365	-	-	-	-	-
State capital appropriations receivable	148,564	-	-	-	-	148,564	-
Accounts receivable, net	6,478,762	5,657,361	370,474	428,075	-	3,816	19,036
Federal and state grants receivable	3,828,517	-	-	-	3,828,517	-	-
Inventories	175,107	45,021	-	130,086	-	-	-
Prepaid expenses and deposits	28,965	28,965	-	-	-	-	-
Due from (due to) other funds	-	5,324,795	(363,920)	463,765	(3,529,251)	(2,747,968)	852,579
Total current assets	38,568,651	34,276,207	6,554	3,416,233	299,266	(301,288)	871,679
Restricted cash - unspent bond proceeds	2,474,623	-	-	-	-	2,474,623	-
Long-term investments	1,000,000	1,000,000	-	-	-	-	-
Bond issuance costs, net	738,250	-	-	-	-	738,250	-
Property and equipment, net	167,243,944	-	-	-	-	167,243,944	-
Total assets	\$ 210,025,468	\$ 35,276,207	\$ 6,554	\$ 3,416,233	\$ 299,266	\$ 170,155,529	\$ 871,679
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ 3,197,791	\$ 2,456,033	\$ 24,165	\$ 172,921	\$ 127,648	\$ 484,760	\$ (67,736)
Accrued payroll and other compensation	8,996,021	8,056,606	-	-	-	-	939,415
Accrued vacation	1,727,407	1,727,407	-	-	-	-	-
Accrued interest payable	481,309	-	-	-	-	481,309	-
Unearned revenue	3,187,645	3,094,443	-	93,202	-	-	-
Current portion of debt obligations	4,672,712	-	-	-	-	4,672,712	-
Total current liabilities	22,262,885	15,334,489	24,165	266,123	127,648	5,638,781	871,679
Long-term debt obligations, net of current portion	61,486,418	-	-	-	-	61,486,418	-
Total liabilities	83,749,303	15,334,489	24,165	266,123	127,648	67,125,199	871,679
Net assets (deficit)							
Invested in capital assets, net of related debt	103,559,437	-	-	-	-	103,559,437	-
Restricted:							
Restricted fund activities	171,618	-	-	-	171,618	-	-
Unrestricted (deficit)	22,545,110	19,941,718	(17,611)	3,150,110	-	(529,107)	-
Total net assets (deficit)	126,276,165	19,941,718	(17,611)	3,150,110	171,618	103,030,330	-
Total liabilities and net assets	\$ 210,025,468	\$ 35,276,207	\$ 6,554	\$ 3,416,233	\$ 299,266	\$ 170,155,529	\$ 871,679

See independent auditors' report.

**LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008**

ASSETS									
	Combined Total	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds		
Current assets									
Cash and cash equivalents	\$ 12,733,701	\$ 10,368,249	\$ -	\$ 2,363,952	\$ -	\$ -	\$ -	\$ -	1,500
Short-term investments	2,289,200	-	-	-	-	2,289,200	-	-	-
Property taxes receivable, net	1,234,454	1,234,454	-	-	-	-	-	-	-
State appropriations receivable	5,306,146	5,306,146	-	-	-	-	-	-	-
State capital appropriations receivable	2,425,881	-	-	-	-	2,425,881	-	-	-
Accounts receivable, net	5,123,871	4,369,297	562,424	168,036	-	-	-	-	24,114
Federal and state grants receivable	3,980,348	-	-	-	3,980,348	-	-	-	-
Inventories	130,085	-	-	130,085	-	-	-	-	-
Prepaid expenses and deposits	12,205	12,205	-	-	-	-	-	-	-
Due from (due to) other funds	-	12,279,901	(533,231)	413,719	(3,567,252)	(9,365,926)	-	-	772,789
Total current assets	33,235,891	33,570,252	29,193	3,075,792	413,096	(4,650,845)			798,403
Restricted cash - unspent bond proceeds	7,779,759	-	-	-	-	7,779,759	-	-	-
Long-term investments	1,355,123	1,000,310	-	-	-	354,813	-	-	-
Bond issuance costs, net	793,147	-	-	-	-	793,147	-	-	-
Property and equipment, net	170,142,530	-	-	-	-	170,142,530	-	-	-
Total assets	\$ 213,306,450	\$ 34,570,562	\$ 29,193	\$ 3,075,792	\$ 413,096	\$ 174,419,404			\$ 798,403
LIABILITIES AND NET ASSETS									
Current liabilities									
Accounts payable	\$ 3,149,068	\$ 1,783,258	\$ 39,923	\$ 103,948	\$ 141,949	\$ 1,063,414	\$ -	\$ -	16,576
Accrued payroll and other compensation	6,032,208	5,246,609	-	-	3,772	-	-	-	781,827
Accrued vacation	1,512,748	1,512,748	-	-	-	-	-	-	-
Accrued interest payable	511,673	-	-	-	-	511,673	-	-	-
Unearned revenue	2,561,402	2,385,423	-	80,222	95,757	-	-	-	-
Current portion of debt obligations	4,463,668	-	-	-	-	4,463,668	-	-	-
Total current liabilities	18,230,767	10,928,038	39,923	184,170	241,478	6,038,755			798,403
Long-term debt obligations, net of current portion	66,255,870	-	-	-	-	66,255,870	-	-	-
Total liabilities	84,486,637	10,928,038	39,923	184,170	241,478	72,294,625			798,403
Net assets (deficit)									
Invested in capital assets, net of related debt	107,118,926	-	-	-	-	107,118,926	-	-	-
Restricted:									
Restricted fund activities	171,618	-	-	-	171,618	-	-	-	-
Unrestricted (deficit)	21,529,269	23,642,524	(10,730)	2,891,622	-	(4,994,147)	-	-	-
Total net assets (deficit)	128,819,813	23,642,524	(10,730)	2,891,622	171,618	102,124,779			-
Total liabilities and net assets	\$ 213,306,450	\$ 34,570,562	\$ 29,193	\$ 3,075,792	\$ 413,096	\$ 174,419,404			\$ 798,403

See independent auditors' report.

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009

	Combined Total	Eliminations	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues							
Tuition and fees (net of scholarship allowances of \$18,011,965)	\$ 29,903,915	\$ (18,011,965)	\$ 47,915,880	\$ -	\$ -	\$ -	\$ -
Federal grants and contracts	4,326,131	-	-	-	-	4,326,131	-
State grants and contracts	1,158,988	-	-	-	-	1,158,988	-
Local grants and contracts	2,737,122	-	2,128,917	-	-	608,205	-
Sales and services of educational activities	1,644,901	-	160,020	1,484,881	-	-	-
Sales and services of auxiliary activities	3,338,948	-	-	-	3,338,948	-	-
Miscellaneous	502,223	-	465,691	29,595	-	6,835	102
Total operating revenues	43,612,228	(18,011,965)	50,670,508	1,514,476	3,338,948	6,100,159	102
Operating expenses							
Instruction	42,324,808	-	41,384,900	28,195	286,580	625,133	-
Information technology	9,080,727	-	7,219,470	6,533	16,344	12,122	1,826,258
Public services	3,134,027	-	1,821,437	143,634	338,731	830,225	-
Instructional support	20,865,525	-	17,318,984	85,213	596,464	2,864,864	-
Student services	16,694,809	(18,011,965)	14,159,465	812,505	22,126	19,712,678	-
Institutional administration	12,716,455	-	11,757,794	61,971	442,343	454,347	-
Operation and maintenance of plant	20,417,517	-	13,756,043	383,306	1,812,853	331,303	4,134,012
Depreciation expense	8,949,125	-	-	-	-	-	8,949,125
Total operating expenses	134,182,993	(18,011,965)	107,418,093	1,521,357	3,515,441	24,830,672	14,909,395
Operating loss	(90,570,765)	-	(56,747,585)	(6,881)	(176,493)	(18,730,513)	(14,909,293)
Nonoperating revenues (expenses)							
State appropriations	29,762,500	-	29,762,500	-	-	-	-
Property tax levy	42,147,127	-	42,147,127	-	-	-	-
Pell Grant revenue	17,684,893	-	-	-	-	17,684,893	-
Investment income	437,689	-	231,852	-	34,981	-	170,856
Interest on capital asset - related debt	(3,097,828)	-	-	-	-	-	(3,097,828)
Net nonoperating revenues (expenses)	86,934,381	-	72,141,479	-	34,981	17,684,893	(2,926,972)
Other revenues							
State capital appropriations	1,092,736	-	-	-	-	-	1,092,736
(Decrease) increase in net assets	(2,543,648)	-	15,393,894	(6,881)	(141,512)	(1,045,620)	(16,743,529)
Transfers in (out)	-	-	(19,094,700)	-	400,000	1,045,620	17,649,080
Change in net assets	(2,543,648)	-	(3,700,806)	(6,881)	258,488	-	905,551
Net assets (deficit), beginning of year	128,819,813	-	23,642,524	(10,730)	2,891,622	171,618	102,124,779
Net assets (deficit), end of year	\$ 126,276,165	\$ -	\$ 19,941,718	\$ (17,611)	\$ 3,150,110	\$ 171,618	\$ 103,030,330

See independent auditors' report.

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2008

	Combined Total	Eliminations	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues							
Tuition and fees (net of scholarship allowances of \$14,834,794)	\$ 30,337,889	\$ (14,834,794)	\$ 44,867,839	\$ 304,844	\$ -	\$ -	\$ -
Federal grants and contracts	4,161,928	-	-	-	-	4,161,928	-
State grants and contracts	1,170,917	-	-	-	-	1,170,917	-
Local grants and contracts	2,774,743	-	2,445,224	-	-	329,519	-
Sales and services of educational activities	1,269,628	-	497,334	772,294	-	-	-
Sales and services of auxiliary activities	2,872,679	-	-	-	2,872,679	-	-
Miscellaneous	358,168	-	314,310	-	-	43,858	-
Total operating revenues	42,945,952	(14,834,794)	48,124,707	1,077,138	2,872,679	5,706,222	-
Operating expenses							
Instruction	39,503,913	-	39,503,913	-	-	-	-
Information technology	7,307,373	-	7,274,644	3,113	9,048	20,568	-
Public services	3,022,360	-	2,223,762	58,497	252,308	487,793	-
Instructional support	19,038,555	-	14,726,861	18,514	4,293,180	4,293,180	-
Student services	16,380,678	(14,834,794)	14,098,262	777,439	1,039,051	15,300,720	-
Institutional administration	8,071,542	-	7,710,011	361,531	-	-	-
Operation and maintenance of plant	16,306,001	-	9,968,509	6,091	1,178,630	-	5,152,771
Depreciation expense	7,680,791	-	-	-	-	-	7,680,791
Total operating expenses	117,311,213	(14,834,794)	95,505,962	1,225,185	2,479,037	20,102,261	12,833,562
Operating (loss) income	(74,365,261)	-	(47,381,255)	(148,047)	393,642	(14,396,039)	(12,833,562)
Nonoperating revenues (expenses)							
State appropriations	31,810,203	-	31,810,203	-	-	-	-
Property tax levy	41,722,075	-	41,722,075	-	-	-	-
Pell Grant revenue	13,428,753	-	-	-	-	13,428,753	-
Investment income	1,244,354	-	662,686	-	98,195	-	483,473
Interest on capital asset - related debt	(3,241,375)	-	-	-	-	-	(3,241,375)
Net nonoperating revenues (expenses)	84,964,010	-	74,194,964	-	98,195	13,428,753	(2,757,902)
Other revenues							
State capital appropriations	2,532,140	-	-	-	-	-	2,532,140
Capital gifts	1,089,597	-	-	-	-	-	1,089,597
Total other revenues	3,621,737	-	-	-	-	-	3,621,737
(Decrease) increase in net assets							
Increase (decrease) in net assets	14,220,486	-	26,813,709	(148,047)	491,837	(967,286)	(11,969,727)
Transfers in (out)	-	-	(16,958,302)	-	800,000	954,161	15,204,141
Change in net assets	14,220,486	-	9,855,407	(148,047)	1,291,837	(13,125)	3,234,414
Net assets, beginning of year	114,599,327	-	13,787,117	137,317	1,599,785	184,743	98,890,365
Net assets (deficit), end of year	\$ 128,819,813	\$ -	\$ 23,642,524	\$ (10,730)	\$ 2,891,622	\$ 171,618	\$ 102,124,779

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