Lansing Community College

Lansing, Michigan

Comprehensive
Annual Financial Report
Fiscal Year Ended June 30, 2010

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LANSING COMMUNITY COLLEGE
Lansing, MI

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2010

Prepared by:
Financial Services Division

Catherine Fisher
Chief Financial Officer

Randall Roy
Controller

Megan Garrett
Director of Accounting

LANSING COMMUNITY COLLEGE

Where Success Begins

LANSING COMMUNITY COLLEGE

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

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* * * * *

Introductory Section

October 4, 2010

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, 2010, 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, 2010. 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.

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 20,000 students per semester, and has 600 full-time employees, including faculty, 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 curricula, developmental, or special interest needs. Courses are offered in one of four academic divisions; Business, Media and Information Technology; Human Health and Public Services; Liberal Studies; and Technical Careers. A fifth 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, and the Livingston Center at Parker Campus in Howell. In addition, there are learning centers in more than 20 communities within the College's 6 county service area. Lansing Community College was the first Michigan community college to offer a complete associates degree on line. The E-Learning Department now offers over 640 online/hybrid sections per semester, or approximately 26% 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 fall semester enrollment over the last five years:

	FALL				
	2006	**2007**	**2008**	**2009**	**2010**
Enrollment					
College (unduplicated head count)	19,445	19,465	20,394	20,057	22,014
Full-time Equivalents	11,273	10,753	10,936	12,535	13,524
Total Credit Hours	169,469	169,149	173,841	188,815	209,621

LOCAL ECONOMY

According to the Michigan Senate Fiscal Agency in 2010, "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 also have 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 and during 2009 exacerbated Michigan's economic difficulties, as sectors such as construction, real estate, and finance collapsed.

In Michigan, both job growth and personal income growth are expected to remain below the national average and the historical State average and to spend the forecast period in recession. Inflation-adjusted personal income is projected to fall 0.7% in 2010 and then rise a meager 0.3% in 2011. The rate of employment declines should begin tapering during 2010 with employment forecast to decline 1.2%, the slowest annual decline since 2005 and a substantial improvement from the 6.8% drop during 2009. Employment losses will be smaller in early 2011 and by the end of the year may exhibit some consistent gains, although on an annual basis employment in 2011 is expected to fall 0.8%; the declines in wage and salary employment will extend the period of employment declines to 11 consecutive years, the longest period on record. In Michigan, below-average vehicle sales and high productivity growth will help keep the unemployment rate above the national average, with the State's unemployment rate increasing from 13.6% in 2009 to 14.1% in 2010, before slightly declining to 14.0% in 2011.

While over the last nine years Michigan's employment situation has fared worse than the national average, and, in some cases or time periods within that range, worse than any other states, Michigan's performance is not particularly inconsistent with other states when Michigan's economic composition is considered. Generally, states with higher manufacturing concentrations (particularly in the transportation equipment manufacturing sector) have experienced weaker job performance over the last nine years, both because of the economic changes occurring in that sector and because of the dependence of other sectors within those states on manufacturing activity. As indicated earlier, productivity gains have made American manufacturing firms more profitable and more competitive, but have reduced the need for hiring additional employees to meet increased demand.

Weak markets for housing, credit and employment, high energy prices, and substantial debt burdens are expected to exert a dragging force on any increases in demand over the forecast period. Vehicle sales are expected to remain substantially below the levels experienced over the last two decades, while the domestic share of the sales mix is expected to continue declining. Michigan's economic fortunes historically have been very closely linked with sales of domestically produced light vehicles, so it is unclear whether Michigan's employment situation would be much better even if productivity were not rising so rapidly in the motor vehicle sector. However, the combination of high productivity and declining market share had lost nearly two-thirds of the jobs (64.4%, a decline of nearly 227,500 jobs) in transportation equipment manufacturing that existed during the peak in July 2000. March 2010 represented a new trough in total employment, with total job losses since the June 2000 peak reaching 864,700 jobs, a decline of 18.4%. As identified in versions of this report prepared for earlier forecasts, even with something approximating normal employment growth in Michigan, it is unlikely that Michigan will reach the level of employment reported in June 2000 again until some time near the year 2035."

Source:

MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2009-10 AND FY 2010-11
May 20, 2010 Senate Fiscal Agency, State of Michigan

In July 2010, "Michigan unemployment rate decreased from 13.2% in June to 13.1% in July and was below the 14.2% in July 2009. Unlike previous monthly declines this year, when unemployment increased, the July decreases reflected the faster departure of people from the labor force than the decline in employment. Compared with one year ago, employment is up by 12,000 jobs, although the size of the labor force was down by 44,000 people."

Source:

MICHIGAN ECONOMIC INDICATORS - July, 2010 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):

Fund Type	2010	2009	2008	State Avg.
Total Levy	$3.8072	$3.8072	$3.8072	$3.8072

PROSPECTS FOR THE FUTURE

The recession continues into 2010 with significant pressure on the state budget and property tax valuations. "Revised estimates for FY 2009-10 General Fund/General Purpose (GF/GP) revenues and School Aid Fund (SAF) were presented. The revised GF/GP estimate is down $502.4 million and the revised SAF estimate is up $255.2 million. Combined GF/GP and SAF revenue declined from FY 2008-09 by 6.4%, or $1.2 billion.

Revised revenue estimates for FY2010-11 indicate a 5% increase in GF/GP revenues and a .4% increase in SAF revenues. These increases are primarily due to the ongoing national and State economic recovery. The revenue projected for FY 2010-11 marks the first revenue growth in two years."

Source:

MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2009-10 AND FY 2010-11
May 20, 2010 Senate Fiscal Agency, State of Michigan

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, 2010, the College's investments from current funds generated $82,155 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 and certificates of deposit. As of June 30, 2010, investments were as follows:

Investments	Amount	Percent
Money market funds	$22,208,351	95.62%
Certificates of deposit	1,267,598	4.38
	$23,475,949	**100.00%**

OTHER INFORMATION

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lansing Community College for its comprehensive annual financial report for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.

LCC has received the Distinguished Budget Presentation Award from the Government Finance Officers Association for the 2009/2010 fiscal year. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The Michigan Public Purchasing Officers Association awarded LCC Purchasing Agency of the Year for 2010. This award is presented for innovation and teamwork in the public purchasing field.

Independent Audit. State statutes 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

Lisa Webb Sharpe
Senior Vice President of Finance, Administration, and Advancement

LANSING COMMUNITY COLLEGE

PRINCIPAL OFFICIALS

Year Ended June 30, 2010

BOARD OF TRUSTEES

	Position	Term Expires
Deborah Canja	Chairperson	2015
Edward Woods III	Vice Chairperson	2013
Robin M. Smith	Secretary	2011
Larry Meyer	Treasurer	2015
Jerry L. Hollister	Trustee	2013
Robert E. Proctor	Trustee	2015
Thomas Rasmusson	Trustee	2011

OFFICERS OF THE COLLEGE

Brent Knight	President
Lisa Webb Sharpe	Senior Vice President of Finance, Administration and Advancement
Catherine Fisher	Chief Financial Officer
Stephanie Shanblatt	Provost/Senior Vice President of Academic Affairs

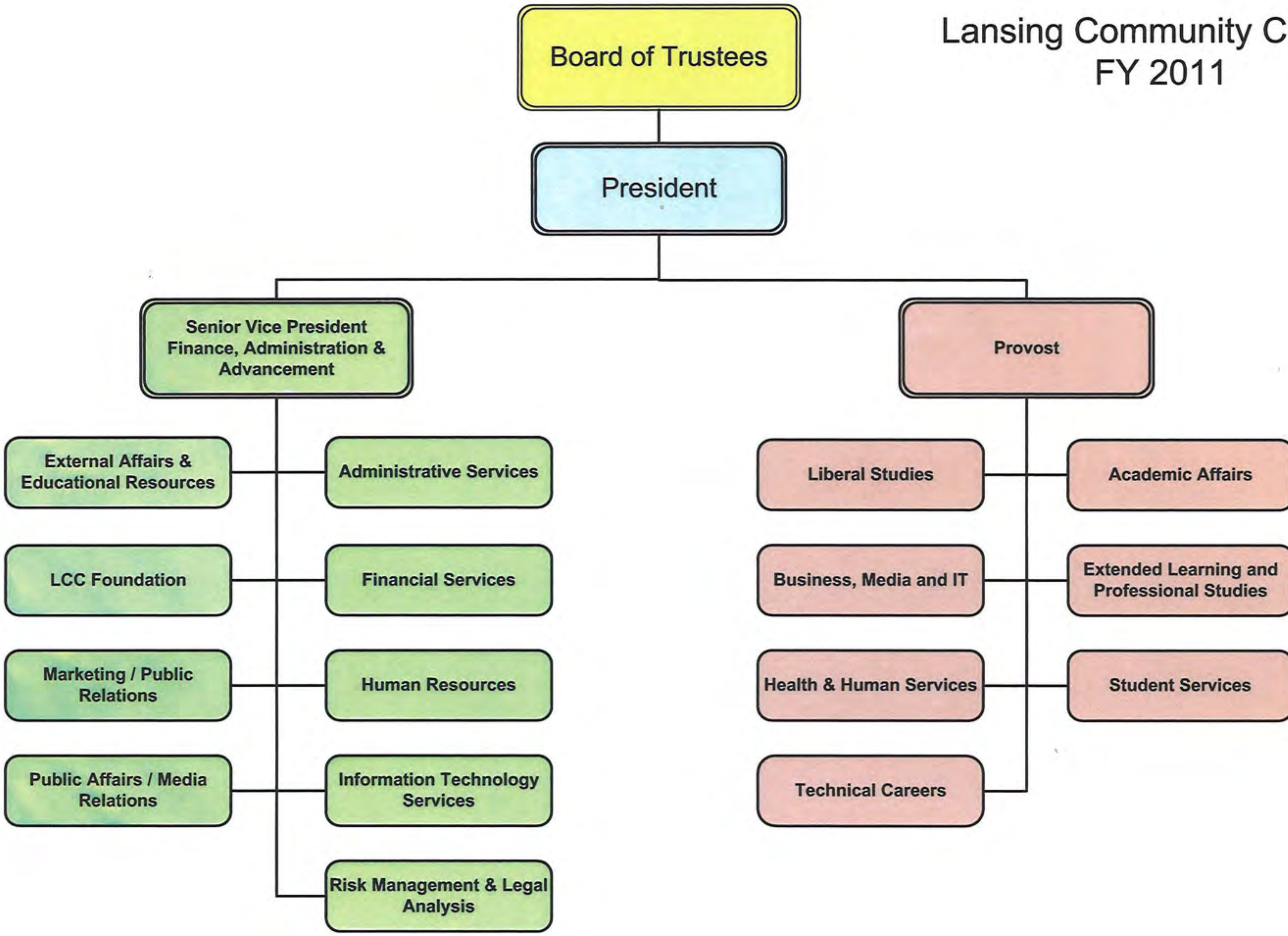
OFFICIALS ISSUING REPORT

Lisa Webb Sharpe	Senior Vice President of Finance, Administration and Advancement
Catherine Fisher	Chief Financial Officer
Randall Roy	Controller
Megan Garrett	Director of Accounting

DIVISION ISSUING REPORT

Financial Services Division

Lansing Community College
FY 2011



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lansing Community College Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

Financial Section

Rehmann

Rehmann Robson
675 Robinson Rd.
Jackson, MI 49203
Ph: 517.787.6503
Fx: 517.788.8111
www.rehmann.com

INDEPENDENT AUDITORS' REPORT

October 4, 2010

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, 2010 and 2009, 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the 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, 2010 and 2009, 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 12 through 24 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 4, 2010, 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.

Rehmann Robson

LANSING COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2010 AND 2009

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, 2010 and 2009. Management has prepared the fiscal 2010 and 2009 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".

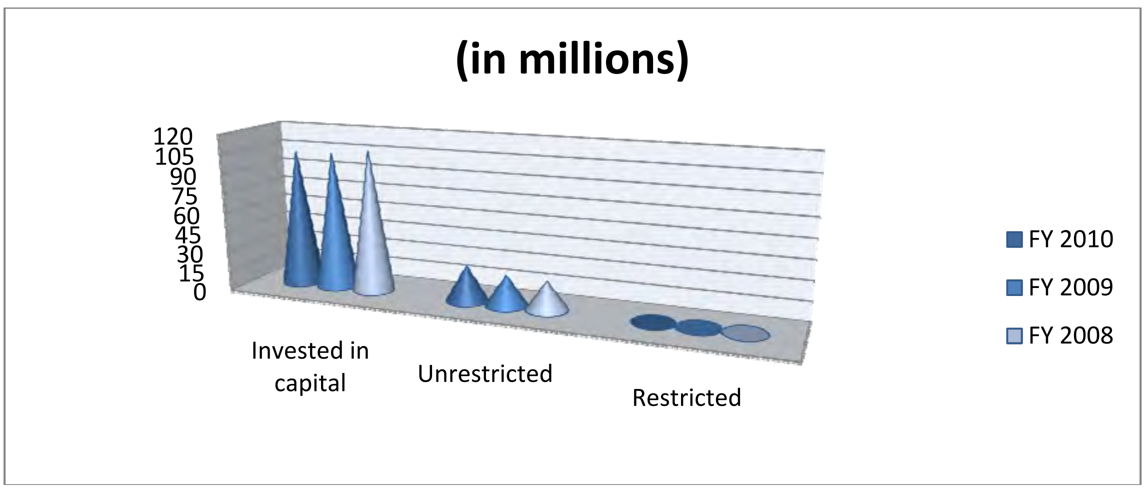
This annual financial report includes the report of independent auditors, management's discussion and analysis, the basic financial statements in the above referred to format, notes to financial statements, and additional information.

Financial Highlights

The College's financial position improved during the fiscal year ended June 30, 2010 with a $4.2 million increase in total net assets. Net assets invested in capital assets, net, and restricted net assets remained unchanged from the prior year, as shown in the graph below. While net assets increased by $4.2 million, unrestricted net assets as shown here increased by approximately $4.3 million, from $22.5 to $26.8 million as a result of unused contingency budget in the General Fund and increases in net assets to be used for future capital acquisition.

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.

Total Net Assets



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

	2010	2009	Increase (Decrease) 2010 - 2009	2008	Increase (Decrease) 2009 - 2008
Current assets	$ 42.4	$ 38.6	$ 3.8	$ 33.2	$ 5.4
Non-current assets					
Capital assets, net of depreciation	162.5	167.2	(4.7)	170.1	(2.9)
Other	3.4	4.2	(0.8)	10.0	(5.8)
Total non-current assets	165.9	171.4	(5.5)	180.1	(8.7)
Total assets	$ 208.3	$ 210.0	$ (1.7)	$ 213.3	$ (3.3)
Current liabilities	$ 21.1	$ 22.2	$ (1.1)	$ 18.2	$ 4.0
Long-term liabilities	56.7	61.5	(4.8)	66.3	(4.8)
Total liabilities	77.8	83.7	(5.9)	84.5	(0.8)
Net assets					
Invested in capital assets, net of related debt	103.5	103.6	$ (0.1)	107.1	(3.5)
Restricted	0.2	0.2	-	0.2	-
Unrestricted	26.8	22.5	4.3	21.5	1.0
Total net assets	130.5	126.3	4.2	128.8	(2.5)
Total liabilities and net assets	$ 208.3	$ 210.0	$ (1.7)	$ 213.3	$ (3.3)

Fiscal Year 2010 Compared to 2009

The College increased its current assets by $3.8 million as a result of the overall increase in net assets and the fact that major capital projects were completed in the previous year. The College net assets increased by $4.2 million due to unused contingency budget in the General Fund and increases in net assets to be used for future capital acquisition. The College's capital assets, net of depreciation, decreased slightly as depreciation exceeded asset additions by $4.7 million.

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.

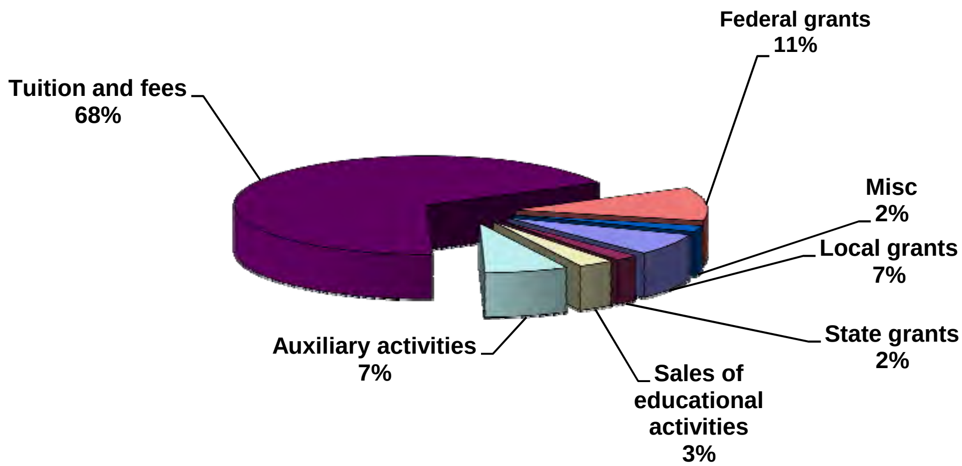
Operating Results *(in millions)* for the Years Ended June 30

	2010	2009	Increase (Decrease) 2010 - 2009	2008	Increase (Decrease) 2009 - 2008
Operating revenues:					
Tuition and fees (net of scholarship allowances)	$ 27.2	$ 29.9	$ (2.7)	$ 30.3	$ (0.4)
Federal grants and contracts	4.4	4.3	0.1	4.1	0.2
State grants and contracts	0.6	1.2	(0.6)	1.2	-
Local grants and contracts	3.0	2.7	0.3	2.7	-
Sales and services of educational activities	1.4	1.7	(0.3)	1.3	0.4
Sales and services of auxiliary activities	3.0	3.3	(0.3)	2.9	0.4
Miscellaneous	0.7	0.5	0.2	0.4	0.1
Total operating revenues	40.3	43.6	(3.3)	42.9	0.7
Operating expenses:					
Instruction	45.7	45.9	(0.2)	43.3	2.6
Public services	3.0	3.1	(0.1)	3.0	0.1
Instructional support	22.1	22.3	(0.2)	20.5	1.8
Student services	26.7	17.9	8.8	17.7	0.2
Institutional administration	12.5	15.6	(3.1)	8.8	6.8
Operation and maintenance of plant	17.8	20.4	(2.6)	16.3	4.1
Depreciation	9.4	8.9	0.5	7.7	1.2
Total operating expenses	137.2	134.1	3.1	117.3	16.8
Operating loss	(96.9)	(90.5)	(6.4)	(74.4)	(16.1)
Nonoperating revenues (expenses):					
State appropriations	29.8	29.8	-	31.8	(2.0)
Property tax levy	41.7	42.1	(0.4)	41.7	0.4
Pell Grant revenue	32.5	17.7	14.8	13.4	4.3
Other nonoperating expenses - net	(2.9)	(2.7)	(0.2)	(1.9)	(0.8)
Net nonoperating revenues	101.1	86.9	14.2	85.0	1.9
Other revenues:					
State capital appropriations	-	1.1	(1.1)	2.5	(1.4)
Capital gifts	-	-	-	1.1	(1.1)
Total other revenues	-	1.1	(1.1)	3.6	(2.5)
Change in net assets	4.2	(2.5)	6.7	14.2	(16.7)
Net assets - beginning of year	126.3	128.8	(2.5)	114.6	14.2
Net assets - end of year	$ 130.5	$ 126.3	$ 4.2	$ 128.8	$ (2.5)

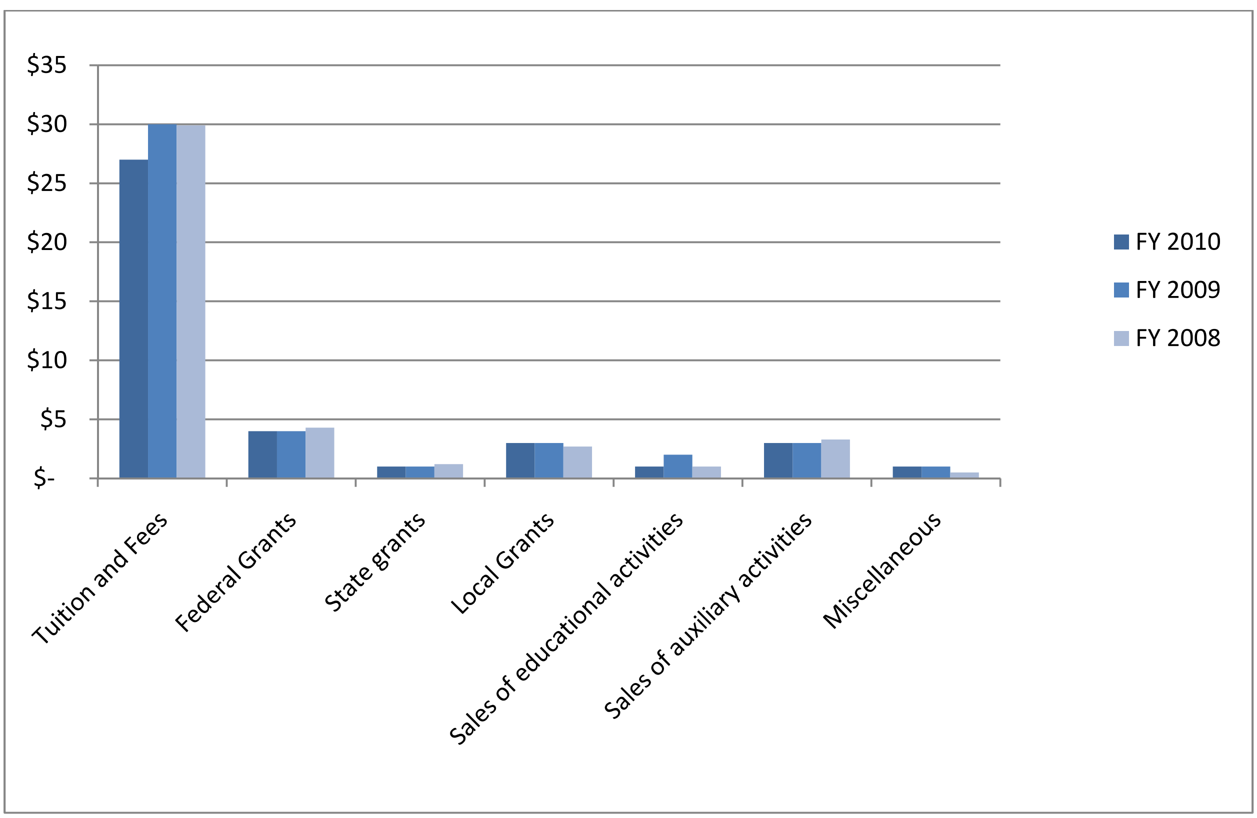
Operating Revenues

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.

2010 Operating Revenues by Source



2010, 2009, 2008 Operating Revenues by Source *(in millions)*



Operating Revenues

Fiscal Year 2010 Compared to 2009

Operating revenue changes were the result of the following factors:

- Tuition and fee revenue increased by $3.3 million; however, the scholarship allowance increased by $6.0 million for a net decrease of $2.7 million. The limit for Pell Grants increased and students were allowed to extend the use of Pell Grants to the summer semester. There was a one-time increase in scholarships as a result of the College's funding of the State's elimination of the Promise scholarship of nearly $1 million to the College's students which also affected the decline in net tuition revenue.
- Federal grants and contracts decreased slightly.
- State grants declined significantly due to a decline in state funding.
- Local grants and contracts increased slightly.

Fiscal Year 2009 Compared to 2008

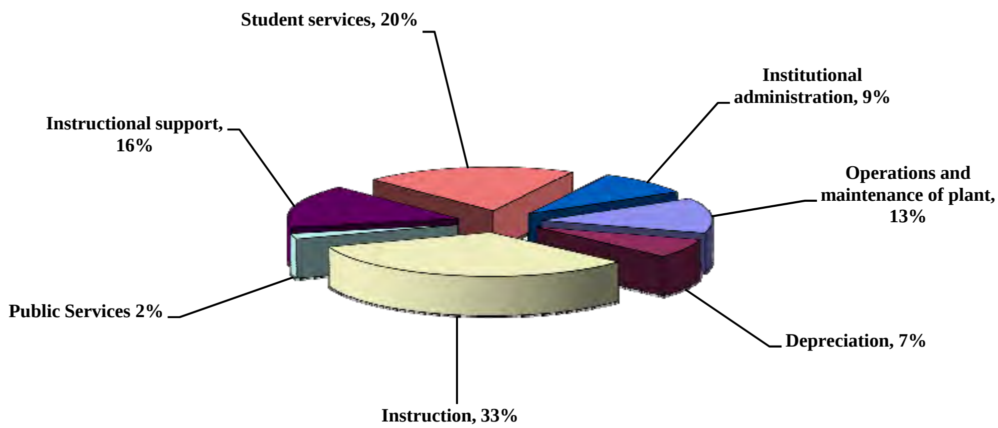
Operating revenue changes were the result of the following factors:

- 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.

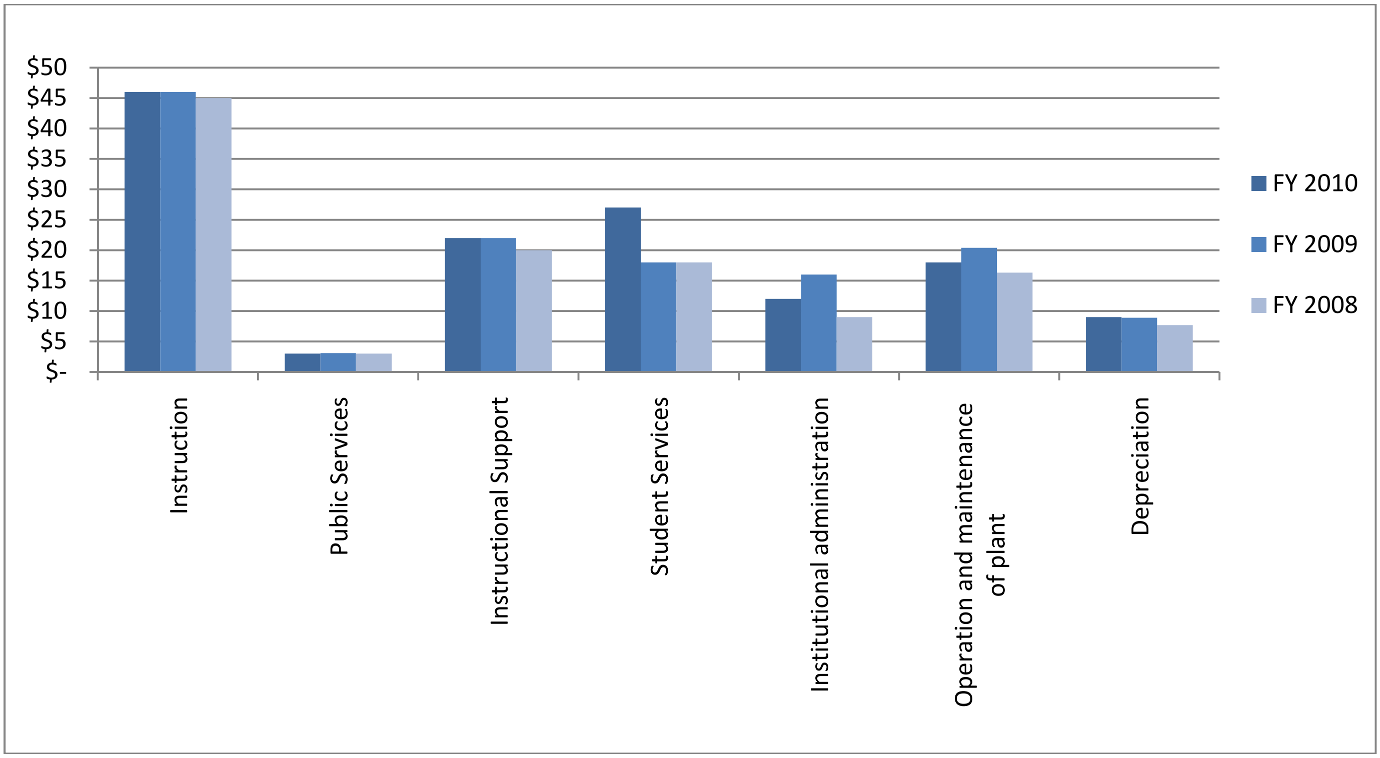
Operating Expenses

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

2010 Operating Expenses



2010, 2009, 2008 Operating Expenses by Function *(in millions)*



<u>Fiscal Year 2010 Compared to 2009</u>

Total operating expenses increased by $3.1 million. Factors that influence this increase are:

- Student services increased by $8.8 million due to the increase in the limit and extension to the summer semester of Pell expenses. This was offset by the increase of the scholarship allowance.
- Institutional administration declined $3.1 million due to one time separation costs in the prior year and targeted expense reductions in the current year.
- Plant operations declined $2.6 million due to an increase in capital improvement projects that were capitalized in 2010 and targeted cuts in the current year.

<u>Fiscal Year 2009 Compared to 2008</u>

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

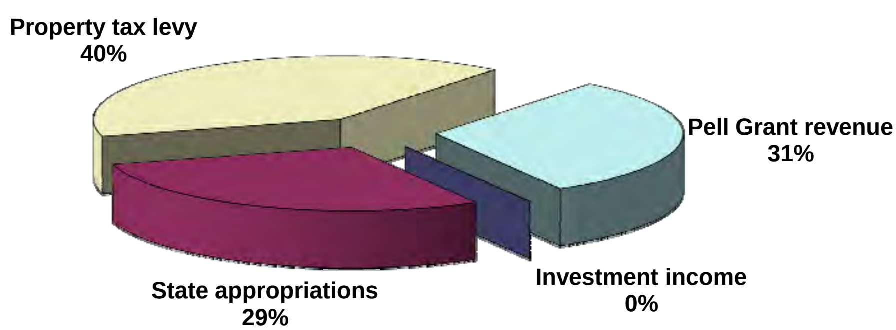
- Instructional costs increased by $2.6 million due to costs associated with existing labor contracts.
- Student services costs increased by $0.2 million due to increased enrollment.
- Depreciation expense increased by $1.2 million as this was the first year that Banner and the University Center were 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.

- Institutional administration increased by $6.8 million largely due to one time costs associated with College restructuring, including $2.1 million of direct employee separation costs.

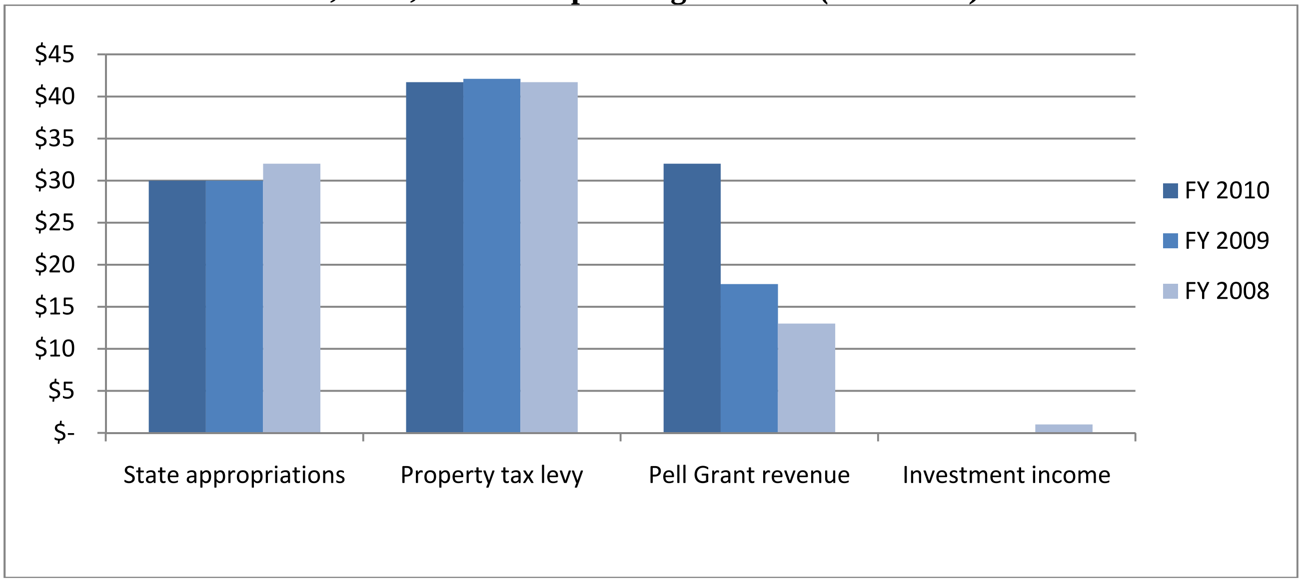
Nonoperating Revenues

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

2010 Nonoperating Revenue



2010, 2009, 2008 Nonoperating Revenue *(in millions)*



<u>Fiscal Year 2010 Compared to 2009</u>

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

- Pell awards increased by $14.8 million due to increased limits, increased students meeting eligibility criteria due to the economy and the extension of the Pell Grant availability through summer semester.
- Investment income declined due to an ongoing decline in short term interest rates.
- Decline in property tax revenue due to increase in successful tribunals and a decline in our annual levys.

<u>Fiscal Year 2009 Compared to 2008</u>

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

- A decrease of $2.0 million in state appropriations is a result of the appropriation of the delayed payment from fiscal year 2007 being recognized in 2008.
- 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.

<u>Statement of Cash Flows</u>

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, 2010, 2009 and 2008 *(in millions)*

	2010	2009	Increase (Decrease) 2010 - 2009	2008	Increase (Decrease) 2009 - 2008
Cash provided (used) by:					
Operating activities	$ (87.5)	$ (79.1)	$ (8.4)	$ (65.1)	$ (14.0)
Noncapital financing activities	104.1	90.2	13.9	84.5	5.7
Capital and related financing activities	(12.3)	(10.3)	(2.0)	(15.8)	5.5
Investing activities	0.4	0.4	-	5.5	(5.1)
Net increase (decrease) in cash	**4.7**	**1.2**	**3.5**	**9.1**	**(7.9)**
Cash, beginning of year	21.7	20.5	1.2	11.4	9.1
Cash, end of year	**$ 26.4**	**$ 21.7**	**$ 4.7**	**$ 20.5**	**$ 1.2**
Unrestricted cash	$ 23.9	$ 19.2		$ 12.7	
Restricted cash	2.5	2.5		7.8	
Total cash	**$ 26.4**	**$ 21.7**		**$ 20.5**	

Fiscal Year 2010 Compared to 2009

The College's cash and cash equivalents increased by $4.7 million during 2010 primarily due to the increase in net assets.

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.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2010, the College had $261.0 million invested in capital assets, net of accumulated depreciation of $98.5 million, resulting in $162.5 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 $4.7 million. Annual depreciation for 2009 was $8.9 million, which was offset by additions of $4.1 million. Significant additions include the purchase of DegreeWorks and Flexible Registration Software and the completion of the Early Learning Children's Community. Depreciation expense totaled $9.4 million for the current fiscal year. Details of these assets at net book value for 2010, 2009 and 2008 are shown below (in millions):

	2010	2009	Increase (Decrease) 2010 - 2009	2008	Increase (Decrease) 2009 - 2008
Land	$ 11.4	$ 10.8	$ 0.6	$ 10.8	$ -
Buildings and improvements	181.0	180.1	0.9	178.0	2.1
Furniture, fixtures and equipment	63.9	62.8	1.1	54.2	8.6
Infrastructure and land improvements	3.2	3.2	-	3.2	-
Construction in progress	1.5	-	1.5	4.7	(4.7)
Total property and equipment	261.0	256.9	4.1	250.9	6.0
Less accumulated depreciation	98.5	89.7	8.8	80.8	8.9
Property and equipment, net	**$ 162.5**	**$ 167.2**	**$ (4.7)**	**$ 170.1**	**$ (2.9)**

For more detailed information of capital assets activity, refer to Note 4, Property and Equipment, within the notes to financial statements section of this document (pages 38 and 39).

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 fiscal 2009 was $2.9 million. Annual depreciation for 2009 was $8.9 million compared to $7.8 million in 2008. The increase in depreciation was due to the completion of the University Center, the Banner ERP system, and other capital additions completed in 2008.

Debt

At year end, the College had $61.4 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).

	2010	2009	Increase (Decrease) 2010 - 2009	2008	Increase (Decrease) 2009 - 2008
2002 building & site bonds	$ 6.2	$ 9.1	$ (2.9)	$ 11.7	$ (2.6)
2003 building & site bonds	12.9	13.6	(0.7)	15.1	(1.5)
2005 building & site bonds	22.3	22.6	(0.3)	22.8	(0.2)
2006 building & site bonds	9.6	9.9	(0.3)	9.9	-
2007 building & site bonds	9.2	9.5	(0.3)	9.5	-
PNC note payable	1.2	1.5	(0.3)	1.7	(0.2)
Less current portion of long-term debt	(4.9)	(4.7)	0.2	(4.4)	0.3
Long-term debt, net of current portion	$ 56.5	$ 61.5	$ (5.0)	$ 66.3	$ (4.8)

For more detailed information on debt activity, refer to Note 6, Long-Term Liabilities within the notes to financial statements section of this document (pages 40 through 43).

<u>Economic Factors That Will Affect the Future</u>

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 revenue for the fiscal year ended June 30, 2010 of $29.8 million. 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. State appropriations for 2010 were consistent with 2009, however in this current fiscal environment there is a risk of cuts in this area in the future.

The current and projected economic outlook for Michigan includes an uncertain employment and real estate market. While there has been some recovery in the auto industry the future remains uncertain. The College must continue to identify other sources of revenue beyond State aid.

Property tax revenue to the College decreased slightly in 2010. Lansing Community College remains near the bottom of Michigan's 28 community colleges in terms of taxable value per Fiscal Year Equated Student (FYES). Property tax revenue is projected to decline in the subsequent fiscal year as a result of reduced real estate market values.

The College faces continued increases in benefit costs. The contribution rate to the MPSERS system was 12.17% of all wages and salaries in fiscal year 2002. The contribution rate for the year ended June 30, 2010 was 16.54% through September 30, 2009 and increased to 16.94% effective October 2009 through June 30, 2010. 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. For employees who first worked on July 1, 2010 or later (Pension Plus members), the contribution rate is 15.44% through September 30, 2010. Effective October 1, 2010, the contribution rate for all employees except Pension Plus members is 19.41%. For Pension Plus members, the contribution rate is 17.91%. Effective November 1, 2010, the rate will be 20.66% for members who first worked prior to July 1, 2010, and 19.16% for members who first worked July 1, 2010 or later (Pension Plus members)

On July 1, 2010, as a result of the enactment of Public Act 75, the State of Michigan Office of Retirement Services mandated that an additional 3% deduction be added to the amounts being contributed by employees participating in retirement plans through the Michigan Public School Employee Retirement System (MPSERS).

The College has taken steps to address these issues. Costs were reduced in the current year through targeted initiatives. We will continue to monitor the economic environment and make adjustments as required.

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

	Primary Government Lansing Community College June 30, 2010	Primary Government Lansing Community College June 30, 2009	Component Unit Lansing Community College Foundation June 30, 2010	Component Unit Lansing Community College Foundation June 30, 2009
ASSETS				
Current assets				
Cash and cash equivalents	$ 23,981,910	$ 19,258,916	$ 26,338	$ 300,807
Short-term investments	3,318,853	2,294,300	1,566,230	497,579
Property taxes receivable, net	614,634	944,155	-	-
State appropriations receivable	5,411,366	5,411,365	-	-
State capital appropriations receivable	-	148,564	-	-
Accounts receivable, net	5,162,638	6,478,762	159,269	173,921
Federal and state grants receivable	3,394,805	3,828,517	-	-
Inventories	173,606	175,107	-	-
Prepaid expenses and other assets	339,626	28,965	-	-
Total current assets	**42,397,438**	**38,568,651**	**1,751,837**	**972,307**
Noncurrent assets				
Restricted cash - unspent bond proceeds	2,474,861	2,474,623	-	-
Long-term investments	250,000	1,000,000	6,875,618	7,172,742
Promises to give, net of current portion	-	-	300,842	363,022
Bond issuance costs, net	682,953	738,250	-	-
Property and equipment, net	162,456,681	167,243,944	-	-
Total noncurrent assets	**165,864,495**	**171,456,817**	**7,176,460**	**7,535,764**
Total assets	**$ 208,261,933**	**$ 210,025,468**	**$ 8,928,297**	**$ 8,508,071**
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	$ 2,422,035	$ 3,197,791	$ 193,833	$ 436,357
Accrued payroll and other compensation	7,742,680	8,996,021	-	-
Accrued vacation	1,631,473	1,727,407	-	-
Accrued interest payable	447,688	481,309	-	-
Unearned revenue	3,919,374	3,187,645	-	-
Other current liabilities	65,743	-	-	-
Current portion of debt obligations	4,912,092	4,672,712	-	-
Total current liabilities	**21,141,085**	**22,262,885**	**193,833**	**436,357**
Noncurrent liabilities				
Long-term debt obligations, net of current portion	56,477,267	61,486,418	-	-
Other noncurrent liabilities	194,928	-	-	-
Total noncurrent liabilities	**56,672,195**	**61,486,418**	**-**	**-**
Total liabilities	**77,813,280**	**83,749,303**	**193,833**	**436,357**
Net assets				
Invested in capital assets, net of related debt	103,542,183	103,559,437	-	-
Restricted:				
Restricted fund activities	171,618	171,618	-	-
Non-expendable - permanently restricted	-	-	5,447,411	5,262,173
Expendable - temporarily restricted	-	-	3,161,093	2,933,297
Unrestricted (deficit)	26,734,852	22,545,110	125,960	(123,756)
Total net assets	**130,448,653**	**126,276,165**	**8,734,464**	**8,071,714**
Total liabilities and net assets	**$ 208,261,933**	**$ 210,025,468**	**$ 8,928,297**	**$ 8,508,071**

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,	
	2010	2009	2010	2009
Operating revenues				
Tuition and fees (net of scholarship allowances of $24,051,465 and $18,011,965, respectively)	$ 27,265,422	$ 29,903,915	$ -	$ -
Federal grants and contracts	4,405,710	4,326,131	-	-
State grants and contracts	589,955	1,158,988	-	-
Local grants and contracts	3,024,270	2,737,122	-	-
Sales and services of educational activities	1,352,067	1,644,901	-	-
Sales and services of auxiliary activities	2,992,370	3,338,948	-	-
Miscellaneous	691,402	502,223	-	-
Total operating revenues	**40,321,196**	**43,612,228**	**-**	**-**
Operating expenses				
Instruction	45,724,136	45,855,569	-	-
Public services	3,066,958	3,134,027	-	-
Instructional support	22,090,733	22,343,098	-	-
Student services	26,679,616	17,902,827	-	-
Institutional administration	12,483,400	15,580,830	-	-
Operation and maintenance of plant	17,827,998	20,417,517	-	-
Depreciation	9,414,522	8,949,125	-	-
Foundation operations and fundraising	-	-	688,803	758,391
Total operating expenses	**137,287,363**	**134,182,993**	**688,803**	**758,391**
Operating loss	**(96,966,167)**	**(90,570,765)**	**(688,803)**	**(758,391)**
Nonoperating revenues (expenses)				
State appropriations	29,762,500	29,762,500	-	-
Property tax levy	41,681,996	42,147,127	-	-
Pell Grant revenue	32,548,966	17,684,893	-	-
Investment income (loss)	82,155	437,689	692,188	(1,184,417)
Interest on capital asset-related debt	(2,936,962)	(3,097,828)	-	-
Gifts	-	-	1,413,385	1,557,545
Payments to primary government	-	-	(939,258)	(1,016,492)
Net nonoperating revenues (expenses)	**101,138,655**	**86,934,381**	**1,166,315**	**(643,364)**
Other revenues				
State capital appropriations	-	1,092,736	-	-
Additions to permanent endowment funds	-	-	185,238	108,206
Total other revenues	**-**	**1,092,736**	**185,238**	**108,206**
Change in net assets	**4,172,488**	**(2,543,648)**	**662,750**	**(1,293,549)**
Net assets, beginning of year	126,276,165	128,819,813	8,071,714	9,365,263
Net assets, end of year	**$ 130,448,653**	**$ 126,276,165**	**$ 8,734,464**	**$ 8,071,714**

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, 2010	2009
Cash flows from operating activities		
Tuition and fees	$ 28,650,835	$ 28,019,861
Grants and contracts	8,112,754	8,222,241
Payments to suppliers and students	(35,502,410)	(32,622,322)
Payments to or on behalf of employees	(93,842,891)	(88,180,898)
Educational enterprise charges	1,352,067	1,644,901
Auxiliary enterprise charges	2,992,370	3,338,948
Other	691,402	502,223
Net cash used in operating activities	**(87,545,873)**	**(79,075,046)**
Cash flows from noncapital financing activities		
Local property taxes	42,011,517	42,437,426
Pell Grant receipts	32,362,638	18,078,600
William D. Ford direct lending receipts	65,850,000	46,244,256
William D. Ford direct lending disbursements	(65,850,000)	(46,244,256)
State scholarship and grant receipts	1,627,440	3,794,606
State scholarship and grant disbursements	(1,627,440)	(3,794,606)
State appropriations	29,762,499	29,657,281
Net cash provided by noncapital financing activities	**104,136,654**	**90,173,307**
Cash flows from capital and related financing activities		
Purchase of capital assets	(4,615,479)	(6,050,538)
Principal paid on capital debt	(4,672,872)	(4,463,667)
Proceeds from sales of capital assets	51,000	-
Discount on bonds	(40,770)	(43,527)
State capital appropriations	-	3,370,053
Interest paid on capital debt	(2,970,583)	(3,128,192)
Net cash used in capital and related financing activities	**(12,248,704)**	**(10,315,871)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	600,000	1,000,000
Interest on investments	31,155	437,689
Purchases of investments	(250,000)	(1,000,000)
Net cash provided by investing activities	**381,155**	**437,689**
Net increase in cash	**4,723,232**	**1,220,079**
Cash, beginning of year	21,733,539	20,513,460
Cash, end of year	**$ 26,456,771**	**$ 21,733,539**
Reconciliation to Statements of Net Assets:		
Cash and cash equivalents	$ 23,981,910	$ 19,258,916
Restricted cash - unspent bond proceeds	2,474,861	2,474,623
Cash, end of year	**$ 26,456,771**	**$ 21,733,539**

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,	
	2010	**2009**
Reconciliation of operating loss		
to net cash used in operating activities		
Operating loss	$ (96,966,167)	$ (90,570,765)
Adjustments to reconcile operating loss to net cash		
used in operating activities		
Depreciation	9,414,521	8,949,124
Amortization of bond issuance costs	55,297	54,897
Amortization of bond premium	(192,732)	(192,732)
Accretion of bond discount	2,757	2,757
Amortization of loss on refunding	93,075	93,075
(Increase) decrease in operating assets:		
Accounts receivable, net	1,316,124	(1,354,891)
Federal and state grants receivable	433,712	151,831
Inventories	1,501	(45,022)
Prepaid expenses and other current assets	(310,659)	(16,758)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	(775,756)	48,723
Accrued payroll and other compensation	(1,253,341)	2,963,813
Accrued vacation	(95,934)	214,659
Unearned revenue	731,729	626,243
Net cash used in operating activities	**$ (87,545,873)**	**$ (79,075,046)**

The accompanying notes are an integral part of these 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 "MUFR"). 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 MUFR.

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 GASB. 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 GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the College has 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.

During the year ended June 30, 2010 and 2009, the Foundation distributed $939,258 and $1,016,492, 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.

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 property improvements exceeding $150,000 and all other individual amounts exceeding $5,000.

In accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, internally generated software costs have been recorded as an intangible asset and are included within the Technology Equipment and Computers caption in Note 4.

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 2010 summer semester began June 5, 2010 and ended August 2, 2010. The 2009 summer semester began June 6, 2009 and ended August 2, 2009.

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, 2010 and 2009, the College levied 3.8072 mills per $1,000 of assessed valuation for general operations.

In August 2010, the College became aware of a property tax settlement between the City of Lansing and General Motors which resulted in a tax refund that will be repaid by reducing the levy to General Motors over the next 5 years. The entire refund in the amount of $260,671, has been recorded as of June 30, 2010 within other liabilities in the accompanying statement of net assets.

K. State Appropriations Revenue

State appropriations revenue has been recorded in accordance with the MUFR.

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 and must use their accrued vacation within one year or it is forfeited. Accordingly, the entire accrued vacation balance as of June 30, 2010 and 2009 is classified as a current liability in the accompanying statements of net assets.

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.

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 FASB Accounting Standards Codification ("ASC") Topic 958, *Financial Reporting for Not-for-Profit Entities.* 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. Reclassifications

Certain 2009 amounts have been reclassified to conform to the 2010 presentation.

2. DEPOSITS AND INVESTMENTS

As of June 30, 2010, the College had the following investment securities at fair value:

Investment Type	Fair Value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
Money market funds	$ 22,208,351	0.0027	N/A	100.00 %

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

Investment Type	Fair Value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
Money market funds	$18,802,733	0.0027	N/A	98.17 %
Federal Home Loan Mortgage Corporation	350,546	0.0411	AAA	1.83 %
Total	**$19,153,279**			**100.00%**
Portfolio weighted average maturity		**0.0034**		

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

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 minimizes 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 deposits were uninsured and uncollateralized. It is the policy of the College to minimize custodial credit risk whenever possible. At June 30, 2010, $7,234,944 of the College's bank balance of $7,734,944 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 of June 30, 2010 and 2009, 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.

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, 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.

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:

	2010	2009
Deposits	$ 7,817,273	$ 5,874,560
Investments	22,208,351	19,153,279
	$ 30,025,624	**$ 25,027,839**

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

	2010	2009
Cash and cash equivalents	$ 23,981,910	$ 19,258,916
Short-term investments, including money market funds	3,318,853	2,294,300
Restricted cash	2,474,861	2,474,623
Long-term investments	250,000	1,000,000
	$ 30,025,624	**$ 25,027,839**

3. PROPERTY TAXES AND ACCOUNTS RECEIVABLE

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

	2010	2009
Property taxes receivable	$ 2,082,126	$ 1,768,976
Less allowance for doubtful collection	(1,467,492)	(824,821)
Property taxes receivable, net	**$ 614,634**	**$ 944,155**

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

	2010	2009
Accounts receivable	$13,623,746	$13,420,778
Less allowance for doubtful collection	(8,461,108)	(6,942,016)
Accounts receivable, net	**$ 5,162,638**	**$ 6,478,762**

4. PROPERTY AND EQUIPMENT

Capital assets activity for the years ended June 30, 2010 and 2009 follows:

	Balance July 1, 2009	Additions	Deletions	Transfers	Balance June 30, 2010
Assets not being depreciated:					
Land	$ 10,804,778	$ 552,980	$ -	$ -	$ 11,357,758
Construction in progress	-	1,514,448	-	-	1,514,448
Total capital assets not being depreciated	10,804,778	2,067,428	-	-	12,872,206
Capital assets being depreciated:					
Buildings and improvements	180,129,755	883,711	-	-	181,013,466
Furniture	2,755,780	-	-	-	2,755,780
Instructional equipment	11,094,563	869,585	(525,938)	-	11,438,210
Operational equipment	9,033,573	74,620	-	-	9,108,193
Technology equipment and computers	36,148,216	636,136	(81,115)	-	36,703,237
Vehicles	3,781,920	95,779	-	-	3,877,699
Infrastructure and improvements	3,204,561	-	-	-	3,204,561
Total capital assets being depreciated	246,148,368	2,559,831	(607,053)	-	248,101,146
Less accumulated depreciation:					
Buildings and improvements	41,323,838	5,160,725	(525,938)	-	45,958,625
Furniture and equipment	46,961,573	4,224,651	(81,115)	-	51,105,109
Infrastructure and land improvements	1,423,792	29,145	-	-	1,452,937
Total accumulated depreciation	89,709,203	9,414,521	(607,053)	-	98,516,671
Capital assets being depreciated, net	156,439,165	(6,854,690)	-	-	149,584,475
Property and equipment, net	$ 167,243,943	$ (4,787,262)	$ -	$ -	$ 162,456,681

	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	-	-	9,033,575
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	(2,989,586)	-	4,669,722	156,439,165
Property and equipment, net	$ 170,142,528	$ (2,898,586)	$ -	$ -	$ 167,243,943

At June 30, 2010, construction in progress reflected amounts expended for the construction of the Early Learning Children's Community, which was not yet placed in service as of June 30, 2010. The Early Learning Children's Community is an integrated child care and teaching facility. This construction had been funded primarily from the College's operating budget. The Early Learning Children's Community was placed in service in August 2010. At June 30, 2010, the College had approximately $421,000 of construction commitments outstanding related to the construction of the Early Learning Children's Community.

5. UNEARNED REVENUE

Unearned revenue at June 30 consists of the following:

	2010	2009
Student tuition and fees	$ 3,752,751	$ 3,043,076
Student deposits	109,373	144,569
Get a skill get a job program	57,250	-
Total	**$ 3,919,374**	**$ 3,187,645**

6. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 64,698,376	$ -	$ 4,516,899	$ 60,181,477	$ 4,650,000
Note payable	1,460,754	-	252,872	1,207,882	262,092
Property tax refundable	-	260,671	-	260,671	65,743
Total long-term liabilities	**$ 66,159,130**	**$ 260,671**	**$ 4,769,771**	**$ 61,650,030**	**$ 4,977,835**

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

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

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

	2010	2009
2002 building and site bonds due in installments of $3,025,000 to $3,150,000 through May 1, 2012 plus interest at 3.5% to 5.0%	$ 6,175,000	$ 9,075,000
2003 building and site and refunding bonds due in installments of $740,000 to $1,350,000 through May 1, 2022 plus interest at 3.3% to 5.0%	12,900,000	13,590,000
2005 building and site and refunding bonds due in installments of $280,000 to $3,990,000 through May 1, 2022 plus interest at 3.5% to 5.0%	21,465,000	21,740,000
2006 general obligation limited tax bonds due in installments of $340,000 to $875,000 through May 1, 2026 plus interest at 3.7% to 3.9%	9,575,000	9,900,000
2007 general obligation limited tax bonds due in installments of $2,365,000 to $900,000 through May 1, 2026 plus interest at 4.0 to 4.3%%	9,240,000	9,470,000
Plus: premium on bond refunding	1,984,151	2,176,883
Less: discount on bonds	(40,770)	(43,527)
Less: deferred loss on bond refunding	(1,116,904)	(1,209,980)
Total bonded debt	**60,181,477**	**64,698,376**
Note payable – bank, secured by equipment, with monthly payments of $25,152 with interest at 3.65%, maturing October 2014	1,207,882	1,460,754
Total long-term debt obligations	**$ 61,389,359**	**$ 66,159,130**

Scheduled principal and interest requirements of bonds and notes payable for years succeeding June 30, 2010 are summarized are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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	5,577,213	2,049,985	7,627,198
2015	5,619,848	1,794,185	7,414,033
2016 – 2020	20,730,000	5,250,568	25,980,728
2021 – 2025	11,500,000	1,612,274	13,112,274
2026	1,775,000	72,826	1,847,826
	60,562,882	**18,333,575**	**78,896,617**
Premium on refunding	1,984,151	-	1,984,151
Discount on bonds	(40,770)	-	(40,770)
Loss on refunding	(1,116,904)	-	(1,116,904)
Total as of June 30, 2010	**$ 61,389,359**	**$ 18,333,575**	**$ 79,723,094**

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

Fiscal Year Ending June 30	Principal	Interest	Total
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	7,642,446
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	29,615,905
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**

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, 2010 and 2009 was $2,936,962 and $3,097,828, respectively.

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, 2010, and 2009, $16,590,000 and $17,550,000, 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 ("MPSERS"), a cost sharing multiple-employer state-wide defined benefit public employee retirement plan governed by the State of Michigan. The MPSERS provides retirement survivor and disability benefits and postretirement benefits for health, dental and vision for substantially all employees of the College. The MPSERS was established by Public Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, 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 MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

As of July 1, 2010, active members will begin contributing an additional 3% of gross wages toward retiree healthcare. Employees who earned less than $18,000 in the 2009-2010 school year will contribute 1.5% for the 2010-2011 school year and 3% thereafter.

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, 2010 was 16.54% through September 30, 2009 and increased to 16.94% effective October 2009 through June 30, 2010. 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 contribution requirements of plan members and the College are established and may be amended by the MPSERS Board of Trustees.

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 6.81% 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, 2010, 2009 and 2008 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, 2010, 2009, and 2008 were $9,142,253, $9,127,613 and $8,084,450, respectively.

Per MPSERS' comprehensive annual financial report as of September 30, 2009, the unfunded actuarial accrued liability ("UAAL") for pensions and other postemployment benefits ("OPEB/Healthcare") for MPSERS is $8.9 billion and $26.0 billion, respectively, and the ratio of UAAL to covered payroll is 89.7% and 260.9%, respectively.

For the fiscal year ended June 30, 2010, Lansing Community College had approximately $57 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 $51.3 million and $148.7 million, respectively.

8. OPTIONAL RETIREMENT PROGRAM - DEFINED CONTRIBUTION PLAN

Plan Description - The College has adopted the Lansing Community College Optional Retirement Plan ("ORP") under IRS 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 MPSERS.

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 two years of continuous full-time service as interpreted under MPSERS guidelines. The participant and College contributions to ORP for the year ended June 30, 2010 were $327,938 and $920,260, respectively. The participant and College contributions to ORP for the year ended June 30, 2009 were $312,383 and $872,366, respectively.

9. UNRESTRICTED NET ASSETS

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

	2010	2009
Auxiliary activities	$ 3,615,207	$ 3,150,110
Encumbrances	2,045,428	1,942,405
Legal or plant improvement	1,656,030	-
Undesignated	19,418,187	17,452,595
Total unrestricted net assets	**$ 26,734,852**	**$ 22,545,110**

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. Claim losses, along with excess insurance premiums and services fees, are recorded as expenses by the Trust. The estimated total costs of claim 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.

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

Last Eight Fiscal years

(Unaudited)

	2010	2009	2008	2007	2006	2005	2004	2003*
OPERATING REVENUES								
Tuition and fees (net of scholarships allowances)	$ 27,435,867	$ 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	4,235,265	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	589,955	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	3,024,270	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	1,352,067	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	2,992,370	3,338,948	2,872,679	2,624,492	2,478,900	1,610,893	1,268,932	1,745,387
Miscellaneous	691,402	502,223	358,168	258,154	87,868	179,355	9,117	501,315
Total operating revenues	40,321,196	43,612,228	42,945,952	39,584,216	72,741,378	59,619,598	52,177,539	50,849,940
OPERATING EXPENSES								
Instruction	45,724,136	45,855,569	43,283,246	39,862,366	38,379,956	36,707,105	33,724,296	37,014,052
Information technology**	-	-	-	5,796,646	7,772,956	6,189,584	6,278,344	-
Public services	3,066,958	3,134,027	3,022,360	1,842,137	1,865,518	802,405	470,303	734,605
Instructional support	22,090,733	22,343,098	20,447,472	19,147,107	17,074,691	16,441,751	13,104,317	21,481,017
Student services	26,679,616	17,902,827	17,729,457	16,774,351	38,255,517	33,083,298	31,326,308	26,739,064
Institutional administration	12,483,400	15,580,830	8,841,886	8,038,973	9,292,787	11,026,050	13,512,432	11,909,872
Operation and maintenance of plant	17,827,998	20,417,517	16,306,001	14,133,693	14,057,156	11,558,577	10,781,525	13,746,695
Depreciation expense	9,414,522	8,949,125	7,680,791	8,678,276	7,797,489	9,219,598	8,016,380	4,893,520
Total operating expenses	137,287,363	134,182,993	117,311,213	114,273,549	134,496,070	125,028,368	117,213,905	116,518,825
Operating loss	**(96,966,167)**	**(90,570,765)**	**(74,365,261)**	**(74,689,333)**	**(61,754,692)**	**(65,408,770)**	**(65,036,366)**	**(65,668,885)**
NONOPERATING REVENUES (EXPENSES)								
State appropriations	29,762,500	29,762,500	31,810,203	25,019,900	28,323,200	29,243,500	27,729,500	31,088,221
Property tax levy	41,681,996	42,147,127	41,722,075	39,394,072	38,133,388	36,106,835	34,460,949	32,590,694
Pell Grant revenue	32,548,966	17,684,893	13,428,753	11,772,511	-	-	-	-
Investment income	82,155	437,689	1,244,354	1,018,574	667,871	432,038	572,592	2,832,668
Interest on capital asset-related debt	(2,936,962)	(3,097,828)	(3,241,375)	(2,888,177)	(2,517,177)	(1,521,755)	(18,444)	(2,347,507)
Other	-	-	-	(22,830)	321,656	146,425	121,147	-
Net nonoperating revenues	101,138,655	86,934,381	84,964,010	74,294,050	64,928,938	64,407,043	62,865,744	64,164,076
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	-	-	1,089,597	-	-	-	-	-
Total other revenues	-	1,092,736	3,621,737	1,592,206	281,190	1,195,326	2,411,101	393,570
Total change in net assets	**4,172,488**	**(2,543,648)**	**14,220,486**	**1,196,923**	**3,455,436**	**193,599**	**240,479**	**(1,111,239)**
NET ASSETS, beginning of year	126,276,165	128,819,813	114,599,327	113,402,404	109,946,968	109,753,369	109,512,890	107,701,535
NET ASSETS, end of year	**$ 130,448,653**	**$ 126,276,165**	**$ 128,819,813**	**$ 114,599,327**	**$ 113,402,404**	**$ 109,946,968**	**$ 109,753,369**	**$ 106,590,296**

Source: Lansing Community College Audited Financial Statements; does not include Lansing Community College Foundation

** In 2004 the financial statements notes state that the beginning net assets had been adjusted to record additional infrastructur*

***In 2010, per the State of Michigan DELEG, the 2.0 Information Technology category was eliminated. Per recommendation from DELEG, these expenses were reallocated to Instruction, Instructional Support, Student Services, and Institutional Administration. The corresponding amounts for 2009 and 2008 were reclassified to conform with the current year presentation.*

LANSING COMMUNITY COLLEGE

FINANCIAL TRENDS

Net Assets by Components

Last Eight Fiscal Years

(Unaudited)

	2010	2009	2008	2007	2006	2005	2004	2003
Net assets:								
Invested in capital assets, net of related debt	$ 103,542,183	$ 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	171,618	184,743	184,743	166,962	159,105	157,628
Loan programs	-	-	-	-	22,078	42,851	42,851	69,071
Unrestricted	26,734,852	22,545,110	21,529,269	13,533,716	17,305,497	25,638,241	34,812,973	33,599,404
Total net assets	**$ 130,448,653**	**$ 126,276,165**	**$ 128,819,813**	**$ 114,599,327**	**$ 113,402,404**	**$ 109,946,968**	**$ 109,753,369**	**$ 106,590,296**

Source: Lansing Community College's Audited Financial Reports

Not include Lansing Community College Foundation

LANSING COMMUNITY COLLEGE
REVENUE CAPACITY
Major Taxpayers
2010 Levy Year vs. 2001 Levy Year
(Unaudited)

2010 Levy Year					2001 Levy Year			
2010 Taxpayer	**Type of Business**	**2010 Taxable Valuation**	**Rank (a)**	**Percentage of Total College District Taxable Valuation ($8,028,496,670)**	**2001 Taxpayer**	**Type of Business**	**2001 Taxable Valuation**	**Percentage of Total College District Taxable Valuation ($8,028,496,670)**
Consumers Energy	Utility	$80,731,770	1	1.01%	General Motors	Automotive	$226,998,081	2.83%
Jackson National Life	Insurance	34,049,059	2	0.42%	Consumers Energy	Utility	69,647,050	0.87%
Inland Western Lansing Eastwood LLC	Real estate	31,719,400	3	0.40%	Eyde Brothers	Property mgmt	56,609,558	0.71%
Dart Container **	Styrofoam cups, etc.	29,466,229	4	0.37%	Jackson National Life	Insurance	42,868,300	0.53%
Meridian Mall	Shopping mall	29,016,268	5	0.36%	Meridian Mall	Shopping mall	22,842,423	0.28%
Eyde LTD Family Partnership	Property mgmt	27,130,805	6	0.34%	Meijer, Inc.	Retail	22,337,873	0.28%
MEIP Borrower	Real estate	25,021,855	7	0.31%	Dart Container Corp.	Styrofoam cups, etc.	22,094,272	0.28%
Meijer, Inc.	Retail	23,659,451	8	0.29%	RSDC	Steel distribution	17,330,050	0.22%
General Motors*	Automotive	8,932,063	9	0.11%	Vector Pipeline	Nat'l gas pipeline	16,435,841	0.20%
Gestamps US Hardtech, Inc. ***	Metal heat treating	3,651,087	10	0.05%	Capital Outlook	Newspaper	15,979,796	0.20%

Source - Ingham.org
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

Last Ten Fiscal Years

(Unaudited)

Levy Year	Taxable Valuation (a)	Tax Rates (per $1,000) of Valuation (a)	Taxes Extended	Collections through June 30 Each Year*	Percent of Taxes Extended Uncollected through June 30 Each Year
2010	$10,863,291,527	3.8072	$ 41,358,724	$ -	$ -
2009	11,434,729,014	3.8072	43,534,300	41,441,780	4.81%
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%

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

(*) Per LCC Controller Office

LANSING COMMUNITY COLLEGE

DEBT CAPACITY

Legal Debt Margin

Last Ten Fiscal Years

(Unaudited)

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)	Per Capita
2010	$ 10,863,291,527	$ 10,863,291,527	$ 1,629,493,729	$ 60,181,477	$ 1,569,312,252	$ 109,882,915	$ 49,701,438	----
2009	11,434,729,014	11,434,729,014	1,715,209,352	64,698,376	1,650,510,976	115,597,290	50,898,914	$ 169
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	178
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	189
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	149
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	159
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	154
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	181
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	126
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	19

*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

** Outstanding bond debt includes a note payable to the bank, secured by equipment, with monthly payments at an interest rate at 6.5%, maturing October 2014.

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

---- Information unavailable

LANSING COMMUNITY COLLEGE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Personal Income per Capita

(Unaudited)

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income	Unemployment Rate (3)
2010	-----	-----	-----	14.30%
2009	383,710	-----	-----	11.30%
2008	388,281	$ 12,878,362	$ 33,295	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%

Source: (1) U.S. Census Bureau, Population Division
(2) U.S. Bureau of Economic Analysis
(3) U.S. Labor of Statistics & Real Estate Center
.--- Information is unavailable.

LANSING COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION
Top Ten Principal Employers
Year: 2010 as compared to 2000
(Unaudited)

2010

Employer*	Product/Service	Rank	No. of Employees	% of Total District Population
State of Michigan	Government	1	14,355	3.70%
Michigan State University	Higher education	2	11,218	2.89%
Sparrow Health System	Health care	3	7,400	1.91%
General Motors Corporation	Automotive	4	6,000	1.55%
Lansing Community College	Higher education	5	3,180	0.82%
Ingham Regional Medical Center	Health care	6	2,500	0.64%
Lansing School District	Education	7	2,106	0.54%
Meijer's, Inc.	Retail	8	2,000	0.52%
Auto Owners Insurance	Insurance	9	1,500	0.39%
Pecham, Inc.	Manufacturing	10	1,400	0.36%

2000

Employer**	Product/Service	Rank	No. of Employees	% of Total District Population
State of Michigan	Government	1	20,000	5.19%
General Motors Corporation	Automotive	2	16,000	4.15%
Michigan State University	Higher education	3	12,300	3.19%
Sparrow Hospital System	Health care	4	6,000	1.56%
Meijer's, Inc.	Retail	5	3,800	0.99%
Lansing School District	Education	6	3,500	0.91%
Ingham Regional Medical	Health care	7	2,800	0.73%
U.S. Post Office	Postal service	8	1,300	0.34%
City of Lansing	Government	9	1,295	0.34%
Fasco DC Motors Division	Auto parts	10	1,250	0.32%

*Source: (*) http://www.lansingchamber.org/regional_demographics1/largest_employers.html*
*(**)Information provided by Jason Mayland, Executive Director, Institutional Effectiveness and Research*

LANSING COMMUNITY COLLEGE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Capital Asset Statistics

(Unaudited)

Facilities Data	2010	2009	2008	2007	2006	2005	2004	2003	2002
Size of campus (acres)	109.00	109.00	109.00	109.00	101.00	92.00	92.00	87.00	87.00
Square footage of gross building space*	1,834,012	1,834,012	1,834,012	1,834,012	1,834,012	1,732,373	1,732,373	1,732,373	1,627,000
Number of classrooms	136	137	137	123	127	169	153	134	125
Institutional administration (sq. ft.)	34,700	34,700	34,700	34,700	34,700	34,700	19,600	19,600	9,100

Source: 2002-2010 LCC Campus Master Plans
** Including leased space*
-Master Plan submitted to the state April 2010

LANSING COMMUNITY COLLEGE

REVENUE CAPACITY

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

Last Nine Fiscal Years

(Unaudited

	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
2010 (**)						$ 73.00	$ 134.00	$ 201.00		
2009	13,039	32,024	122,819	19.0	404,223	73.00	134.00	201.00	$ 3,675	$ 47,915,880
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

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, 2010 is due November 1, 2010, therefore the data is not yet available.

LANSING COMMUNITY COLLEGE

DEMOGRAPHIC AND ECONOMIC INFORMATION

Full-Time Equivalent Employees

Last Ten Fiscal Years

(Unaudited)

	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00*
ADMINISTRATORS:	**169**	**182**	**165**	**163**	**158**	**155**	**164**	**174**	**174**	**-**
Full-time	152	165	149	147	145	139	147	159	156	-
Part-time	52	52	48	47	39	48	51	44	54	-
Calc 1/3 p/t	17	17	16	16	13	16	17	15	18	-
FACULTY:	**822**	**807**	**815**	**639**	**617**	**618**	**609**	**612**	**570**	**-**
Full-time	223	250	229	237	232	231	228	210	206	-
Part-time	1,796	1,670	1,757	1,207	1,156	1,160	1,142	1,206	1,091	-
Calc 1/3 p/t	599	557	586	402	385	387	381	402	364	-
SUPPORT:	**256**	**287**	**259**	**257**	**248**	**262**	**280**	**344**	**417**	**-**
Full-time	163	195	183	183	181	187	202	198	194	-
Part-time	280	277	229	222	202	224	233	439	668	-
Calc 1/3 p/t	93	92	76	74	67	75	78	146	223	-
Actual total employees reported	2,666	2,609	2,595	2,043	1,955	1,989	2,003	2,256	2,369	-
TOTAL FTE	1,247	1,276	1,239	1,059	1,023	1,035	1,053	1,130	1,161	-

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 (Unaudited)
JUNE 30, 2010

	Combined Total	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
ASSETS							
Current assets							
Cash and cash equivalents	$ 23,981,910	$ 21,587,374	$ -	$ 2,394,536	$ -	$ -	$ -
Short-term investments	3,318,853	1,017,598	-	-	-	2,301,255	-
Property taxes receivable, net	614,634	614,634	-	-	-	-	-
State appropriations receivable	5,411,366	5,411,366	-	-	-	-	-
Accounts receivable, net	5,162,638	4,539,974	126,163	464,550	-	3,816	28,135
Federal and state grants receivable	3,394,805	-	-	-	3,565,253	-	-
Inventories	173,606	45,598	-	128,008	-	-	-
Prepaid expenses and deposits	339,626	339,626	-	-	-	-	-
Due from (due to) other funds	-	656,784	(65,385)	750,402	(3,352,106)	(686,871)	2,526,728
Total current assets	**42,397,438**	**34,212,954**	**60,778**	**3,737,496**	**213,147**	**1,618,200**	**2,554,863**
Nonurrent assets							
Restricted cash - unspent bond proceeds	2,474,861	-	-	-	-	2,474,861	-
Long-term investments	250,000	250,000	-	-	-	-	-
Bond issuance costs, net	682,953	-	-	-	-	682,953	-
Property and equipment, net	162,456,681	-	-	-	-	162,456,681	-
Total noncurrent assets	**165,864,495**	**250,000**	**-**	**-**	**-**	**165,614,495**	**-**
Total assets	**$ 208,261,933**	**$ 34,462,954**	**$ 60,778**	**$ 3,737,496**	**$ 213,147**	**$ 167,232,695**	**$ 2,554,863**
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	$ 2,422,035	$ 1,850,457	$ 3,545	$ 12,916	$ 41,529	$ 513,588	$ -
Accrued payroll and other compensation	7,742,680	5,187,817	-	-	-	-	2,554,863
Accrued vacation	1,631,473	1,631,473	-	-	-	-	-
Accrued interest payable	447,688	-	-	-	-	447,688	-
Unearned revenue	3,919,374	3,810,001	-	109,373	-	-	-
Other current liabilities	65,743	65,743	-	-	-	-	-
Current portion of debt obligations	4,912,092	-	-	-	-	4,912,092	-
Total current liabilities	**21,141,085**	**12,545,491**	**3,545**	**122,289**	**41,529**	**5,873,368**	**2,554,863**
Noncurrent liabilities							
Long-term debt obligations, net of current portion	56,477,267	-	-	-	-	56,477,267	-
Other noncurrent liabilities	194,928	194,928	-	-	-	-	-
Total noncurrent liabilities	**56,672,195**	**194,928**	**-**	**-**	**-**	**56,477,267**	**-**
Total liabilities	**77,813,280**	**12,740,419**	**3,545**	**122,289**	**41,529**	**62,350,635**	**2,554,863**
Net assets							
Invested in capital assets, net of related debt	103,542,183	-	-	-	-	103,542,183	-
Restricted:							
Restricted fund activities	171,618	-	-	-	171,618	-	-
Unrestricted	26,734,852	21,722,535	57,233	3,615,207	-	1,339,877	-
Total net assets	**130,448,653**	**21,722,535**	**57,233**	**3,615,207**	**171,618**	**104,882,060**	**-**
Total liabilities and net assets	**$ 208,261,933**	**$ 34,462,954**	**$ 60,778**	**$ 3,737,496**	**$ 213,147**	**$ 167,232,695**	**$ 2,554,863**

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET ASSETS (Unaudited)
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	-	3,590,610	(363,920)	463,765	(3,529,251)	(2,747,968)	2,586,764
Total current assets	**38,568,651**	**32,542,022**	**6,554**	**3,416,233**	**299,266**	**(301,288)**	**2,605,864**
Noncurrent assets							
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 noncurrent assets	**171,456,817**	**1,000,000**	**-**	**-**	**-**	**170,456,817**	**-**
Total assets	**$ 210,025,468**	**$ 33,542,022**	**$ 6,554**	**$ 3,416,233**	**$ 299,266**	**$ 170,155,529**	**$ 2,605,864**
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	6,322,421	-	-	-	-	2,673,600
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**	**13,600,304**	**24,165**	**266,123**	**127,648**	**5,638,781**	**2,605,864**
Long-term debt obligations, net of current portion	61,486,418	-	-	-	-	61,486,418	-
Total liabilities	**83,749,303**	**13,600,304**	**24,165**	**266,123**	**127,648**	**67,125,199**	**2,605,864**
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**	**$ 33,542,022**	**$ 6,554**	**$ 3,416,233**	**$ 299,266**	**$ 170,155,529**	**$ 2,605,864**

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET ASSETS (Unaudited)
YEAR ENDED JUNE 30, 2010

	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 $24,051,465)	$ 27,265,422	$ (24,051,465)	$ 50,859,326	$ 417,111	$ -	$ 40,450	$ -
Federal grants and contracts	4,405,710	-	-	-	-	4,405,710	-
State grants and contracts	589,955	-	-	-	-	589,955	-
Local grants and contracts	3,024,270	-	2,188,324		-	835,946	-
Sales and services of educational activities	1,352,067	-	195,918	1,156,149	-	-	-
Sales and services of auxiliary activities	2,992,370	-	-	-	2,992,370	-	-
Miscellaneous	691,402	-	541,204	-	-	111,623	38,575
Total operating revenues	**40,321,196**	**(24,051,465)**	**53,784,772**	**1,573,260**	**2,992,370**	**5,983,684**	**38,575**
Operating expenses							
Instruction	45,724,136	-	44,705,999	3,245	235,417	779,475	-
Public services	3,066,958	-	2,088,955	198,676	343	778,984	-
Instructional support	22,090,733	-	18,676,277	51,325	235,456	3,127,675	-
Student services	26,679,616	(24,051,465)	15,591,874	670,942	15,140	34,453,125	-
Institutional administration	12,483,400	-	10,039,012	291,659	506,786	231,430	1,414,513
Operation and maintenance of plant	17,827,998	-	14,811,717	282,569	1,390,797	218,367	1,124,548
Depreciation	9,414,522	-	-	-	-	-	9,414,522
Total operating expenses	**137,287,363**	**(24,051,465)**	**105,913,834**	**1,498,416**	**2,383,939**	**39,589,056**	**11,953,583**
Operating (loss) income	**(96,966,167)**	**-**	**(52,129,062)**	**74,844**	**608,431**	**(33,605,372)**	**(11,915,008)**
Nonoperating revenues (expenses)							
State appropriations	29,762,500	-	29,762,500	-	-	-	-
Property tax levy	41,681,996	-	41,681,996	-	-	-	-
Pell Grant revenue	32,548,966	-	-	-	-	32,548,966	-
Investment income	82,155	-	61,266	-	4,865	-	16,024
Interest on capital asset - related debt	(2,936,962)	-	-	-	-	-	(2,936,962)
Net nonoperating revenues (expenses)	**101,138,655**	**-**	**71,505,762**	**-**	**4,865**	**32,548,966**	**(2,920,938)**
Increase (decrease) in net assets	**4,172,488**	**-**	**19,376,700**	**74,844**	**613,296**	**(1,056,406)**	**(14,835,946)**
Transfers in (out)	-	-	(17,595,883)	-	(148,199)	1,056,406	16,687,676
Change in net assets	**4,172,488**	**-**	**1,780,817**	**74,844**	**465,097**	**-**	**1,851,730**
Net assets (deficit), beginning of year	126,276,165	-	19,941,718	(17,611)	3,150,110	171,618	103,030,330
Net assets, end of year	**$ 130,448,653**	**$ -**	**$ 21,722,535**	**$ 57,233**	**$ 3,615,207**	**$ 171,618**	**$ 104,882,060**

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET ASSETS (Unaudited)
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							
Capital gifts	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, 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**