

Financial Statements

**Mott Community College
Flint, Michigan**

June 30, 2010 and 2009

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Independent Auditor's Report

To the Board of Trustees
Mott Community College

We have audited the accompanying financial statements of Mott Community College (Charles Stewart Mott Community College, County of Genesee, Michigan) and its discretely presented component unit as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of Mott Community College's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. In addition, the basic financial statements were audited in accordance with *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. 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 provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Mott Community College and its discretely presented component unit as of June 30, 2010 and 2009 and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 on our consideration of Mott Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions 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.

The management's discussion and analysis presented on pages 3 through 18 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Trustees
Mott Community College

Our audits were performed for the purpose of forming an opinion on the financial statements of Mott Community College taken as a whole. The other additional information identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 29, 2010

Mott Community College

Management's Discussion and Analysis - Unaudited

This discussion and analysis section of Mott Community College's ("the College's") annual financial report provides an overview of the College's financial position at June 30, 2010, 2009 and 2008 and its financial activities for the three years ended June 30, 2010. Management has prepared this section, along with the financial statements and the related footnote disclosures, and thus it should be read in conjunction with and is qualified in its entirety by the financial statements and footnote disclosures. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

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.

This annual financial report includes the report of independent auditors, this Management's Discussion and Analysis section, the basic financial statements in the format described above, and notes to financial statements. Following the basic financial statements and footnotes are additional supplementary schedules and information for the year ended June 30, 2010. This supplementary section is not required by GASB, but is provided to give additional information regarding the various funds and activities of the College that are not disclosed in the basic financial statements.

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 Foundation for Mott Community College 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 financial statements, in separate columns headed "Component Unit."

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

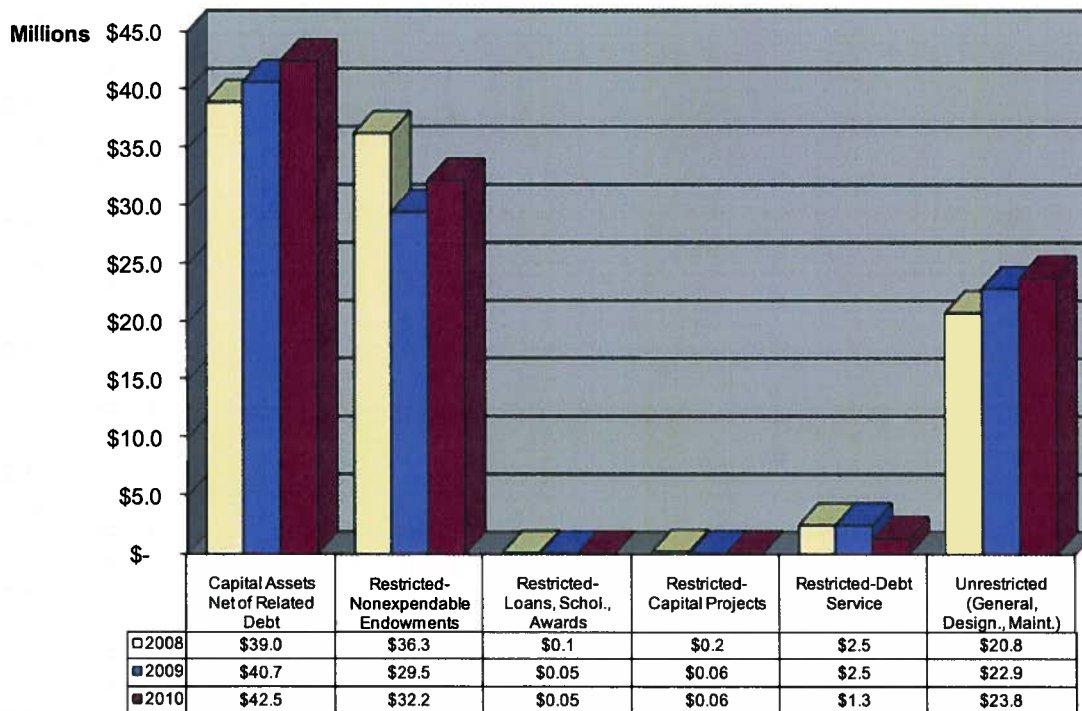
Financial Highlights

The College's financial position improved for the year ended June 30, 2010. Total Assets decreased from \$189.2 million to \$182.9 million to \$180.8 million at June 30 of 2008, 2009 and 2010, respectively. Liabilities totaled \$80.9 million at June 30, 2010, compared to \$87.2 million in 2009 and \$90.3 in 2008. Net assets, which represent the remaining value of the College's assets after liabilities are deducted, increased by \$4.2 million (or 4.4%) from the previous year, which was largely due to the increase in market value of the investments in the perpetual trusts. The College's Net Assets totaled \$99.9 million at June 30, 2010.

The Unrestricted category within Net Assets increased over the past three years, from \$20.8 million at June 30, 2008, to \$22.9 million at June 30, 2009, to \$23.8 million at June 30, 2010.

The following chart provides a graphical categorization of net assets for the fiscal years ended June 30, 2010, 2009 and 2008:

Breakdown of Net Assets - By Category



Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

The Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Assets

One of the most important questions asked about the College's finances is whether the College as a whole is better off or worse off as a result of the year's activities. The Balance Sheet and the Statement of 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 report the College's net assets as of June 30, 2010 and 2009 and the change in net assets for the years then ended. Net assets are the difference between assets and liabilities, and are one way to measure the College's financial position. The relationship between revenues and expenses may be thought of as Mott Community College's operating results. Over time, increases or decreases in the College's net assets are one indicator of whether its financial health is improving or deteriorating.

Many other non-financial indicators, such as quality of teaching and learning, percentage of students requiring financial aid, enrollment and retention trends, and condition of the facilities must also be considered in assessing the overall health of the College.

Balance Sheet

The Balance Sheet's purpose is to provide the College's overall financial position at the fiscal year close. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when a service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The following is a condensed version of the Balance Sheet, with analysis of the major components of the net assets of the College as of June 30, 2010 compared to June 30, 2009 and June 30, 2008. This illustration includes the primary government operations of the College, but does not include its component unit, the Foundation for MCC:

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

Mott Community College
CONDENSED BALANCE SHEET
As of June 30, 2010, 2009 and 2008
(in millions)

	(in millions)		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
ASSETS			
Current Assets	\$ 39.3	\$ 39.4	\$ 34.9
Noncurrent Assets	<u>\$ 141.5</u>	<u>\$ 143.5</u>	<u>\$ 154.3</u>
Total Assets	<u>\$ 180.8</u>	<u>\$ 182.9</u>	<u>\$ 189.2</u>
LIABILITIES			
Current Liabilities	\$ 18.5	\$ 18.3	\$ 15.7
Noncurrent Liabilities	<u>\$ 62.4</u>	<u>\$ 68.9</u>	<u>\$ 74.6</u>
Total Liabilities	\$ 80.9	\$ 87.2	\$ 90.3
NET ASSETS			
Invested in Capital Assets, net of related debt	\$ 42.5	\$ 40.7	\$ 39.0
Restricted - Nonexpendable	\$ 32.2	\$ 29.5	\$ 36.3
Restricted - Expendable	\$ 1.4	\$ 2.6	\$ 2.8
Unrestricted	<u>\$ 23.8</u>	<u>\$ 22.9</u>	<u>\$ 20.8</u>
Total Net Assets	<u>\$ 99.9</u>	<u>\$ 95.7</u>	<u>\$ 98.9</u>
Total Liabilities and Net Assets	<u>\$ 180.8</u>	<u>\$ 182.9</u>	<u>\$ 189.2</u>

The reduction in Total Net Assets from 2008 to 2009 from \$98.9 million to \$95.7 million and the growth in 2010 to \$99.9 million was largely due to market fluctuations in investments in our perpetual trusts.

The most significant changes in the Balance Sheet during 2010 related to:

- A decrease from 2009 to 2010 in Non-current Assets is due to an increase in accumulated depreciation offset by an increase in beneficial interest in perpetual trusts.
- The decrease in Total Liabilities from 2009 to 2010 reflects the net decrease in bonded debt after factoring in scheduled payments, in addition to payroll related obligations including actuarial calculations of terminal leave pay, and other accrued liabilities.

The year ended on June 30, 2010 with a \$4.2 million increase in Total Net Assets, totaling \$99.9 million.

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets provides the overall results of the College's operations. It includes all funds of the College except for activities of Agency Funds. Revenues and expenses are recorded and recognized when incurred or earned, similar to how most corporate businesses account for transactions. When revenues and other support exceed expenses, the result is an increase in net assets—one indication that the College as a whole is better off financially as a result of the year's activities.

Activities are reported as either operating or non-operating. The financial reporting model classifies state appropriations, property taxes, PELL grant revenue, and gifts as non-operating revenues. Due to the reporting classifications for community colleges', their dependency on state aid, property taxes and gifts results in an operating deficit.

The following is a condensed version of the Statement of Revenues, Expenses and Changes in Net Assets, with analysis of the major components as of June 30, 2010 compared to June 30, 2009 and June 30, 2008. This illustration includes the primary government operations of the College, but does not include its component unit, the Foundation for MCC:

Mott Community College
CONDENSED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For Years Ended June 30, 2010, 2009 and 2008

	(in millions)		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total Operating Revenues	\$ 36.7	\$ 33.6	\$ 28.4
Total Operating Expenses	<u>\$ 109.2</u>	<u>\$ 93.4</u>	<u>\$ 86.0</u>
Total Operating Loss	\$ (72.5)	\$ (59.8)	\$ (57.6)
Nonoperating Revenues, Net	<u>\$ 76.7</u>	<u>\$ 56.6</u>	<u>\$ 58.4</u>
Total Increase(decrease) in Net Assets	\$ 4.2	\$ (3.2)	\$ 0.8
Net Assets, Beginning of Year	<u>\$ 95.7</u>	<u>\$ 98.9</u>	<u>\$ 98.1</u>
Net Assets, End of Year	<u><u>\$ 99.9</u></u>	<u><u>\$ 95.7</u></u>	<u><u>\$ 98.9</u></u>

In the fiscal year ended June 30, 2010, the College's revenues and other support exceeded expenses, creating an increase in Total Net Assets of \$4.2 million (compared to a \$3.2 million decrease during 2009 and a \$753 thousand increase during 2008).

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

Operating Revenues

This category includes all exchange transactions such as tuition and fees, grants and contracts for services except those for capital purposes, auxiliary enterprise activities (bookstore, catering and vending), and other miscellaneous sales and rental income.

Operating revenues consisted of the following during the years ended June 30:

	2010	2009	2008
Tuition and fees, net of Scholarship Allowances of \$16,819,569, \$10,357,314, and \$8,823,221 in 2010, 2009 and 2008, respectively	\$ 19,438,094	\$ 20,066,570	\$ 18,827,117
Federal Grants and contracts	\$ 13,370,681	\$ 9,628,598	\$ 5,664,807
State and Local Grants and Contracts	\$ 615,107	\$ 937,580	\$ 1,228,938
Nongovernmental Grants	\$ 1,121,517	\$ 767,106	\$ 688,618
Auxiliary enterprises	\$ 916,272	\$ 776,629	\$ 725,317
Other Operating Revenues	\$ 1,258,068	\$ 1,444,246	\$ 1,295,365
Total Operating Revenues	\$ 36,719,739	\$ 33,620,729	\$ 28,430,162

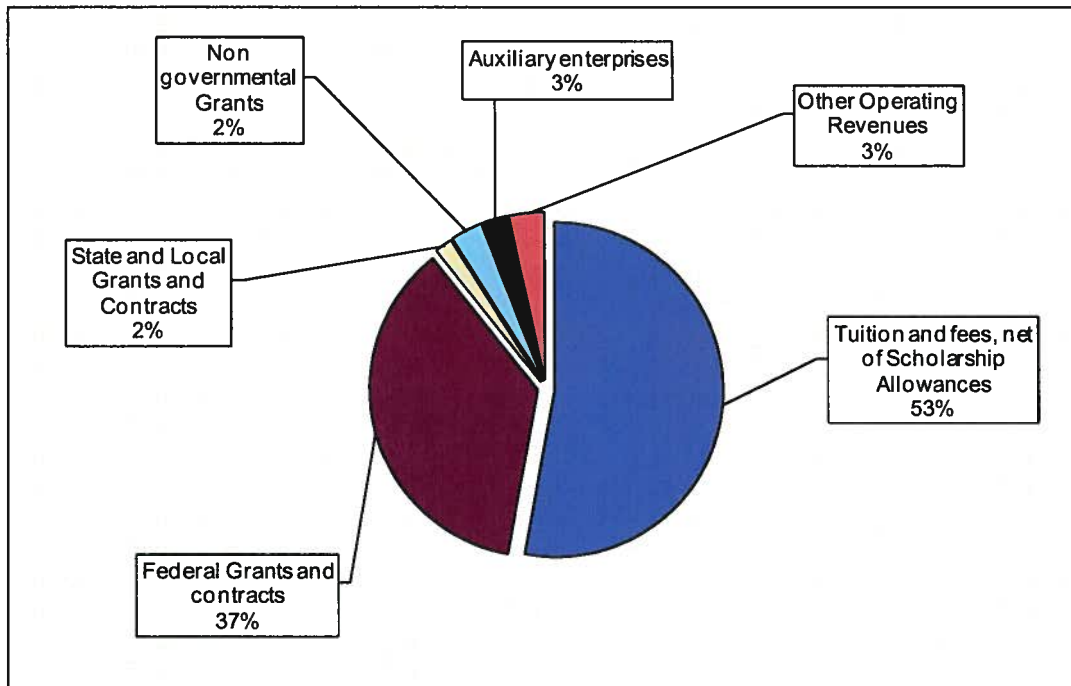
Total operating revenues increased \$8.3 million (or 29.2%) during the past three years, as a result of the following:

- Gross tuition and fee revenue increased by approximately \$8.6 million during the three years ended June 30, 2010. This 31% overall increase was principally due to average annual tuition increases of 2.7% for the 2008, 2009, and 2010 academic years. In addition, credit-side enrollment increased in all of the periods presented.
- Scholarship Allowances (the portion of financial aid assistance covering student tuition and fees) increased during the past three years by 90.6%, a rate exceeding the tuition and fee revenue increase by 59.6% and an indication of efforts to maintain affordability of higher education.
- Federal Grants and Contracts have increased considerably in the past two years mainly in the areas of No Worker Left Behind and Workforce Development areas.
- Auxiliary enterprises revenue increased slightly from 2008 to 2010, by \$191 thousand, and miscellaneous revenues decreased by approximately \$37 thousand.

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

The following is a graphic illustration of operating revenues by source for 2010:



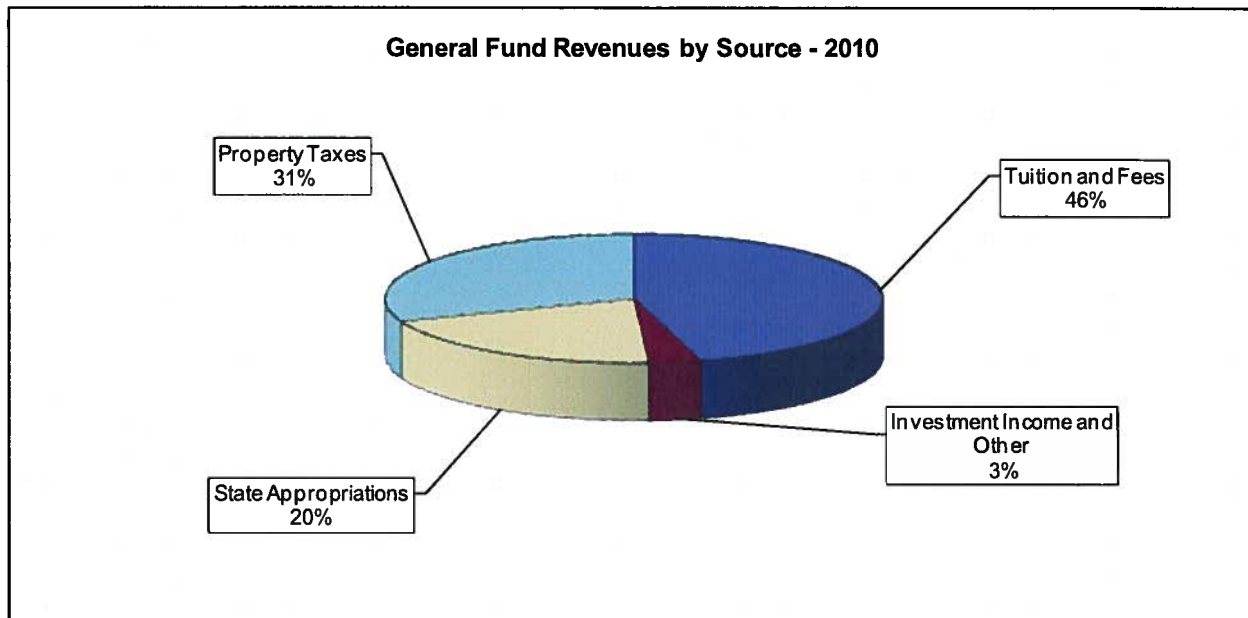
Internally, the College uses fund accounting to account for separate funding sources and uses. The operating revenues above, for instance, include revenues within all funds, depicting the funding sources of the institution as a whole as required by the reporting model.

The College accounts for its primary programs and operations, however, in its General Fund. The General Fund revenues include three primary sources of revenue – tuition and fees, state appropriations, and property taxes. Investment income and other sources represent more minor proportions of the total. The General Fund revenues are separated in our combined financial statements into operating and non-operating sources.

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

The following chart shows the percentages of all General Fund revenue sources for the year ended June 30, 2010:



Operating Expenses

Operating expenses represent all the costs necessary to provide services and conduct the programs of the College. Operating expenses for the fiscal year ended June 30, 2010 total \$109 million, and consist of salaries and benefits, scholarships, utilities, contracted services, supplies and materials, and depreciation. These items are presented in a functional format in the Statement of Revenues, Expenses, and Changes in Net Assets, consistent with the State of Michigan's reporting format, currently the Activities Classification Structure (ACS) Manual.

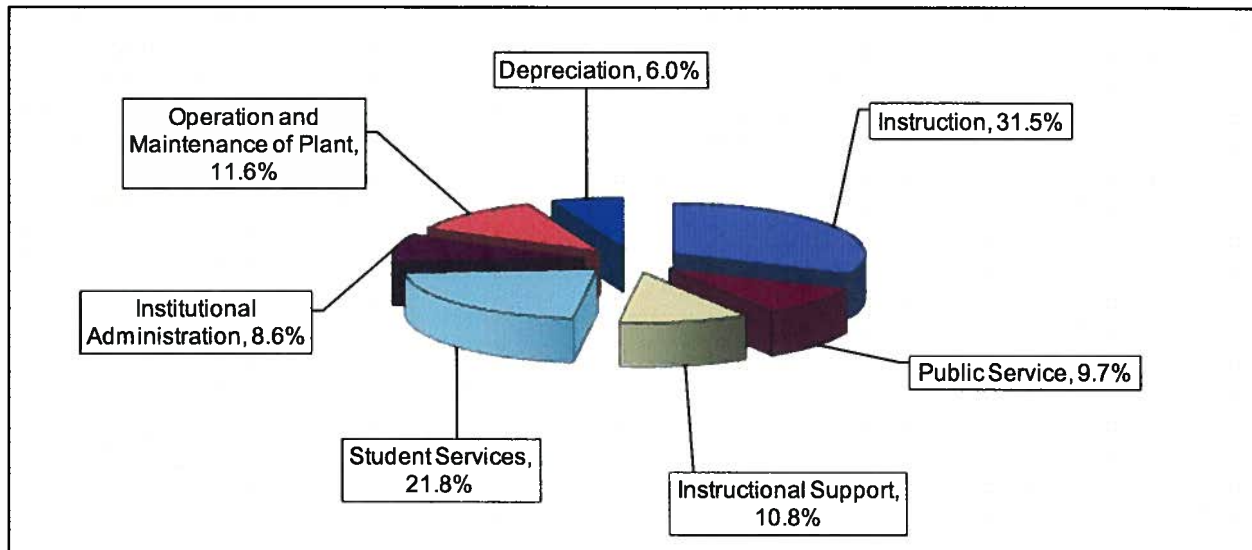
Operating Expenses by Function

	2010	2009	2008
Instruction	\$ 34,368,554	\$ 31,040,861	\$ 30,009,747
Public Service	\$ 10,570,553	\$ 5,788,004	\$ 3,336,269
Instructional Support	\$ 11,833,506	\$ 11,485,085	\$ 11,867,875
Student Services	\$ 23,860,041	\$ 18,955,758	\$ 17,057,395
Institutional Administration	\$ 9,424,336	\$ 8,205,329	\$ 8,044,299
Operation and Maintenance of Plant	\$ 12,636,790	\$ 11,740,227	\$ 10,001,872
Depreciation	\$ 6,522,902	\$ 6,210,179	\$ 5,781,137
Total Operating Expenses	\$ 109,216,682	\$ 93,425,443	\$ 86,098,594

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

The following is a graphic illustration of operating expenses for the institution as a whole for the year ended June 30, 2010:



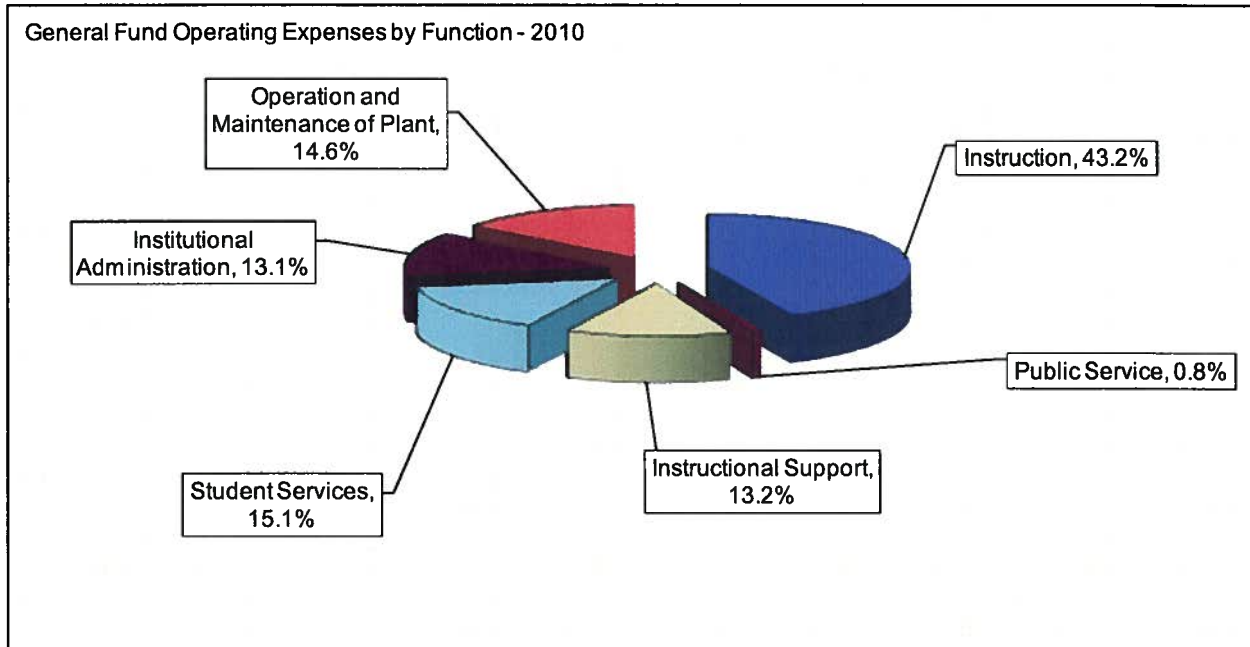
The college continues to spend the largest percentage of operating budget on instruction, with student services, operation and maintenance of plant, and instructional support making up the next largest proportions of operating expenses. These expenses include not only operating funds, but also plant and restricted fund activities.

The majority of total operating expenses are reported internally in the College's General Fund. In the General Fund, operating expenses for 2010 were \$70.9 million. General Fund operating expenses increased by \$5.8 million (or 8.9%) from 2009 to 2010, and by \$4 million (or 6.5%) from 2008 to 2009. Most of the increases represent contractual and rate increases in salary and fringe benefit costs, as well as rising contracted services and materials costs.

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

Following is a graphic illustration of operating expenses by source as reported by the General Fund for the year ended June 30, 2010:



Non-operating Revenues (Expenses)

Non-operating revenues represent all revenue sources that are primarily non-exchange in nature and are not a result of College operations. They consist of state appropriations, property tax revenue, gifts and other support, and investment income.

	2010	2009	2008
State Appropriations	\$ 15,145,939	\$ 15,162,278	\$ 16,177,925
Property Tax Levy	\$ 31,335,431	\$ 32,747,469	\$ 32,511,222
Gifts	\$ 1,783,101	\$ 1,894,943	\$ 1,842,525
Pell Grants	\$ 28,599,401	\$ 16,086,969	\$ 13,643,093
Investment Income	\$ 84,882	\$ 853,650	\$ 1,335,863
Total Non-Operating Revenues	\$ 76,948,754	\$ 66,745,309	\$ 65,510,628

Total non-operating revenues increased by 11.4 million during the past three years:

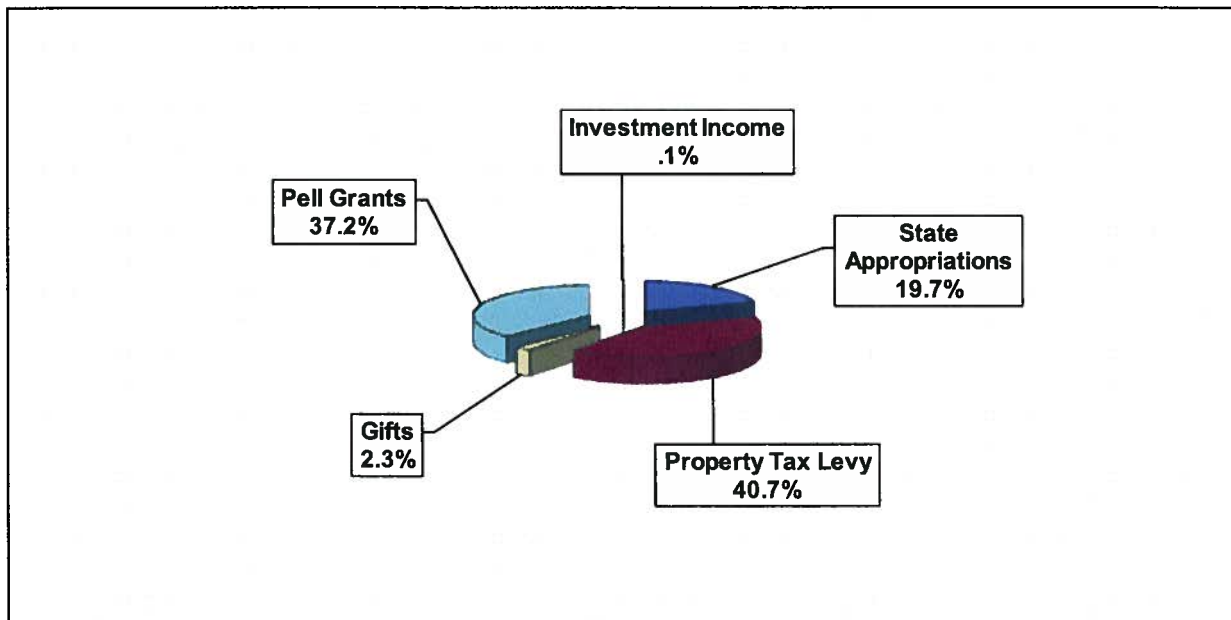
- State appropriations decreased by \$1.1 million (or 6.8%) from 2008 to 2010. The state continues to experience budget constraints due to lack of economic recovery at the level expected.

Mott Community College

Management’s Discussion and Analysis - Unaudited (continued)

- Property tax revenues increased by .7% from 2008 to 2009, and decreased by 4.3% from 2009 to 2010. The total decrease was \$1.2 million (or 3.6%) from 2008 to 2010. This downward trend, caused by declining property tax values, is projected by management to continue for the next two to three fiscal years and the fiscal 2011 budget includes a \$2.6 million decrease in property tax revenues. The College’s combined tax levy rates were 2.679 for 2008 2009 and 2010, respectively.
- Pell revenue has increased \$12.5 million from 2009-2010 and \$2.5 million from 2008 to 2009, for a total increase of \$15 million or 110%. Financial Aid dollars, namely Pell, is increasingly becoming a larger percentage of revenue and brings with it additional administration costs. This is an indication that a greater percentage of our students are relying on financial assistance for their higher educational needs.

The following is a graphical illustration of the College’s Non-operating revenues by source for the year ended June 30, 2010:



Non-operating expenses are also listed in the same category with non-operating revenues. This item includes the interest paid on the College’s outstanding bond debts, as well as other costs associated with bond debt issuance and financing.

	2010	2009	2008
Interest on Capital Asset-Related Debt	\$ 2,896,670	\$ 3,106,016	\$ 2,914,100
Loss on Disposal of Assets	\$ -	\$ 34,470	\$ 2,115
Discount on Bonds	\$ 28,482	\$ 24,035	\$ 8,311
Bond Issuance Costs	\$ 16,319	\$ 58,661	\$ 83,829
Total Non-Operating Expenses	\$ 2,941,471	\$ 3,223,182	\$ 3,008,355

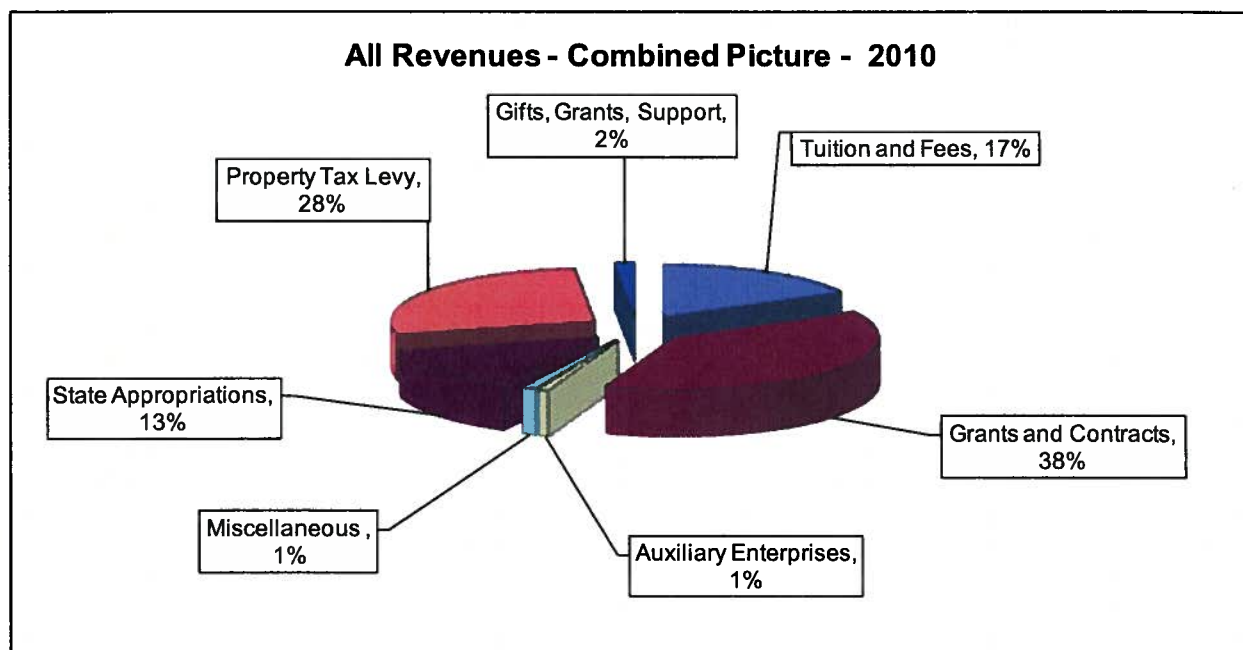
Mott Community College

Management’s Discussion and Analysis - Unaudited (continued)

Not reflected in either the non-operating revenue/expense tables or charts is the “change in value of perpetual trusts”. This amount fluctuates year to year based on market conditions for the funds held and administered by independent trustees. The change for the years 2010, 2009, and 2008 was \$2,707,737, (\$6,866,690), and (\$4,081,252), respectively.

All Revenues – Combined Picture

The following is a graphic illustration of the College’s total revenues in all classifications-- Operating Revenues, Non-operating Revenues and Other Revenues—for 2010:



For fiscal year 2010 grants and contracts, which includes Pell grants, accounted for 38% of total revenues, and is the largest single source of revenue for the College. This is an unusual, but expected occurrence, as property taxes have normally been the largest source of income. As property taxes are reduced due to declining taxable values and enrollment of students using financial aid climbs, this trend is expected to continue. The second largest source of income is property taxes, followed by tuition and fees. State appropriations comprise 13% of the total revenues for the College as a whole for fiscal year 2010.

Statement of Cash Flows

In addition to the Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Assets, another way to assess the financial health of the 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 the College during the fiscal year. The Statement of Cash Flows also helps to assess:

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

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

The following is a condensed Statement of Cash Flows, summarizing cash receipts and cash payments by type of activity, for the three years ended June 30:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents provided (used) by:			
Operating activities	\$ (66.8)	\$ (54.2)	\$ (48.9)
Noncapital financing activities	69.5	57.6	54.1
Capital and related financing activities	(10.2)	(8.7)	9.4
Investing activities	<u>6.2</u>	<u>(3.5)</u>	<u>1.6</u>
Net increase (decrease) in cash	(1.3)	(8.8)	16.2
Cash and cash equivalents, beginning of year	<u>35.2</u>	<u>44.0</u>	<u>27.8</u>
Cash and cash equivalents, end of year	<u>\$ 33.9</u>	<u>\$ 35.2</u>	<u>\$ 44.0</u>

The \$66.8 million in net cash used for operating activities includes \$101 million in payments to employees and suppliers, offset by \$34.3 million in cash received for tuition and fees, grants and contracts, auxiliary enterprise activities, and other miscellaneous revenues. This negative operating cash flow was covered by state appropriations, property taxes, Pell grants, gifts and other support, all of which are included in the \$69.5 million in cash provided from non-capital financing activities.

The net decrease of \$10.2 million for capital and related financing activities is mostly due to the spending of the proceeds from the issuance of the final \$15 million sale of the 2004 \$45 million bond authorization, collection of the debt millage property tax levy offset by purchases of capital assets, and payments to make required principal and interest payments on outstanding bonded debt.

Investing activities include interest received, as well as sales and maturities of investments.

The overall result of cash flows is a decrease in cash of \$1.3 million during 2010.

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

Capital Assets and Debt Administration

Capital Assets

The following table shows the breakdown of Property and Equipment balances by category at June 30:

	2010	2009	2008
Property and Equipment:			
Land	\$ 970,940	\$ 970,940	\$ 844,173
Artwork	\$ 6,200	\$ 6,200	\$ 6,200
Construction in Progress	\$ 1,743,412	\$ 1,697,930	\$ 1,318,778
Buildings and Improvements	\$ 160,351,321	\$ 154,682,924	\$ 150,431,109
Infrastructure	\$ 7,747,536	\$ 7,614,301	\$ 7,499,797
Equipment	\$ 16,671,789	\$ 15,588,054	\$ 14,137,807
Vehicles	\$ 1,256,366	\$ 1,082,464	\$ 831,960
Library Books	\$ 2,017,817	\$ 1,976,608	\$ 1,933,015
Accumulated Depreciation	\$ (88,331,753)	\$ (81,886,414)	\$ (75,992,646)
Total Property and Equipment	\$ 102,433,628	\$ 101,733,007	\$ 101,010,193

Major capital additions completed this year included the following:

Mott Memorial Building renovations	\$1.5 million
Building and Infrastructure Improvements	\$2.7 million

The College has future planned capital expenditures that include renovations to the Mott Library, replacement of computers and technology, purchase of instructional equipment, and various other building and infrastructure improvements, all of which are expected to be funded with the 2008 Bond proceeds and existing capital funds and planned transfers from operating funds.

More information about the College's capital assets is presented in the Notes to the Financial Statements.

Debt Administration

On June 14, 2004, the College held a special election for the purpose of submitting a proposition to the electors that Mott Community College be allowed to borrow \$45,000,000 in the issuance of bonds for capital expenditures. The election was successful and this bond authority was granted. The college issued \$15,000,000 in bonds on June 30, 2004, and \$14,455,000 in bonds on April 4, 2006. The final issue took place on March 19, 2008 in the amount of \$15,000,000.

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

In May of 2009, the College refunded portions of its 1998 and 1999 General Obligation and Refunding bonds totaling \$5,665,000 maturing from 2010 through 2021. Management expects a savings of approximately \$300,000 in interest from this refunding.

At June 30, 2010, the College had \$56.9 million in long-term bond-related debt outstanding, versus \$64 million on June 30, 2009 and \$70.2 million on June 30, 2008.

The College has bond credit ratings of 'A+' from Standard & Poor's for the series of bonds issued during 2009. According to Standard & Poor's, the strong rating reflects continued improvements in the college's general fund balance that have stabilized its financial position. The 'A+' rating also reflects the following credit characteristics: 1) a diversifying economy that benefits from its proximity to Oakland County; 2) strong financial reserves; and 3) a low debt burden. Their rationale included evidence of planned balanced financial operations in the near future, the strength of our reserve levels, along with recent history of enrollment growth.

More detailed information about the College's long-term liabilities is presented in the Notes to the Financial Statements.

Economic Factors Affecting the Future

The economic position of the College is closely tied to that of Genesee County and the State of Michigan. Historically when the state economy is in a downturn, community colleges' enrollment increases and there are demands on community colleges for increased and more diverse training and education opportunities to meet needs of employers and individuals needing upgraded skills. By the same token, when the state experiences lack of economic growth, decreased levels of appropriations to community colleges continue to result.

Currently, Mott Community College has received a significant portion of its revenues from property taxes with average increases of 5% from 2002-2007. In the 2008-2009 budget year, the college budgeted a decrease of approximately \$936 thousand based on the decrease in real estate Taxable Values provided by the Genesee County Equalization Department. In the fiscal year ended June 30, 2011, the College is projected to lose another \$2.6 million in General Fund property taxes. Unfortunately, this trend is expected to continue and possibly worsen for the next few years. The College is aware of the potential ramifications of this shortfall and is taking steps to minimize its potential impact.

At this time the 2010-2011 state budget includes a 0% increase in the Appropriation to Mott Community College. Based on recent history and current state budget problems, any additional increase in funding seems unlikely. In 2008, the state budget included a 2.0% funding increase to Mott Community College and the appropriations to community colleges have not kept up with rates of inflation since 2000. In an effort to be conservative, our original 2010-2011 budget includes a 3.1% decrease. We will adjust for the restoration of the budgeted cuts in the Colleges' budget amendment taking place in January 2011.

Mott Community College in January of 2010 elected to change the effective dates of its tuition and fees rates from an academic to a calendar year. In that year, the administration prepared a recommendation, and the Board of Trustees approved, a 4.3% tuition increase effective January 1, 2010 for the calendar year 2010. In June of 2010, the Board of Trustees approved an 11.7%

Mott Community College

Management's Discussion and Analysis - Unaudited (continued)

increase in its tuition rates and changed the registration fee structure to equal one in-district contact hour, or \$98.68 beginning January 2011. This fee structure change was necessary to help alleviate the significant additional administrative costs in the student services area including financial aid, counseling, registration, and facilities.

Mott Community College must continue to address challenges of rising operating costs, especially within employee compensation, as this area represents approximately 74% of the total operating budget. Future expectations of sharp increases in retirement contribution rates and health insurance rates are among specific areas of focus in order to control the operating expenditure base over the long-term.

Mott Community College has been accredited by the Higher Learning Commission (HLC) of North Central Association of Colleges and Schools (NCA) for almost 80 years. While MCC is accredited until 2009-10, the Board of Trustees chose in May 2005 to utilize a new approach to accreditation, a continuous improvement model called Academic Quality Improvement Program (AQIP). AQIP is the new, ongoing process of self-evaluation and analysis that is focused on institutional systems, Action Projects, and continual assessment of institutional quality, and it is designed specifically to allow MCC to customize the process to our own needs and those of our community and stakeholders. In the fiscal year ended June 30, 2007, the College implemented the first of three phases of this program and the second phase was implemented in the spring of 2009.

In April of 2007, the Board of Trustees adopted a five-year strategic plan for 2007-2012. This initiative was centered around the Board's desire for a learning-centered college with an emphasis on the cultural shift associated with the AQIP and the Continuous Quality Improvement (CQI) philosophies. This comprehensive strategic planning initiative is comprised of seven long-term goals in the areas of student learning and success, technology initiatives, systems improvement, economic and human resources development, institutional image and community relations, and budget/finance. These overarching goals are designed to result in quality delivery of education and training that continues to meet community needs while exceeding expectations.

Mott Community College
Balance Sheet
June 30, 2010
With Comparative Figures at June 30, 2009

	Primary Government		Component Unit Foundation for Mott Community College	
	2010	2009	2010	2009
Assets				
Current assets				
Cash and cash equivalents	\$ 29,026,707	\$ 30,722,557	\$ 46,710	\$ 1,034,918
State appropriation receivable	2,730,256	2,730,254	-	-
Accounts receivable - Net of allowance for uncollectible accounts (\$3,779,316 for 2010 and \$3,533,911 for 2009)	2,213,295	1,905,562	195,223	251,234
Grants receivable	4,620,268	3,337,681	-	-
Inventories	41,164	43,533	-	-
Prepaid expenses and other assets	654,907	712,326	5,000	3,000
Total current assets	39,286,597	39,451,913	246,933	1,289,152
Long term investments	-	-	4,476,843	3,248,527
Assets limited as to use	4,912,621	10,092,249	-	-
Beneficial interest in perpetual trusts	32,178,383	29,474,646	-	-
Bond discount	324,721	359,580	-	-
Deferred charges	1,650,698	1,794,615	25,160	22,422
Property and equipment - net of accumulated depreciation (\$88,331,753 for 2010 and \$81,886,413 for 2009)	102,433,628	101,733,007	-	-
Total assets	\$ 180,786,648	\$ 182,906,010	\$ 4,748,936	\$ 4,560,101

	Primary Government		Component Unit Foundation for Mott Community College	
	2010	2009	2010	2009
Liabilities and Net Assets				
Current liabilities:				
Current portion of debt obligations	\$ 7,050,000	\$ 6,375,000	\$ -	\$ -
Accounts payable	4,255,034	3,637,415	4,821	116
Accrued interest payable	476,918	541,675	-	-
Accrued payroll and related liabilities	4,681,374	4,664,220	-	-
Deposits held for others	164,371	539,916	-	-
Unearned revenue	1,850,243	2,491,949	667	9,381
Total current liabilities	18,477,940	18,250,175	5,488	9,497
Long term debt obligations	56,945,000	63,995,000	-	-
Accrued termination pay	3,123,061	3,094,971	-	-
Bond premium	1,700,230	1,850,524	-	-
Other accrued liabilities	611,000	-	-	-
Total liabilities	80,857,231	87,190,670	5,488	9,497
Net assets:				
Invested in capital assets, net of related debt	42,553,676	40,668,903	-	-
Restricted for				
Nonexpendable	32,178,383	29,474,646	1,598,465	1,470,638
Expendable				
Scholarships and awards	45,642	48,087	1,556,058	1,635,841
Capital projects	55,170	55,143	-	-
Debt service	1,306,859	2,535,386	-	-
Unrestricted	23,789,687	22,933,175	1,588,925	1,444,125
Total net assets	99,929,417	95,715,340	4,743,448	4,550,604
Total liabilities and net assets	\$ 180,786,648	\$ 182,906,010	\$ 4,748,936	\$ 4,560,101

Mott Community College
Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2010
With Comparative Figures at June 30, 2009

	Primary Government		Component Unit Foundation for Mott Community College	
	2010	2009	2010	2009
Revenues:				
Operating revenues				
Tuition and fees	\$ 36,257,663	\$ 30,423,884	\$ -	\$ -
Less scholarship allowances	(16,819,569)	(10,357,314)	-	-
Federal grants and contracts	13,370,681	9,628,598	-	-
State and local grants and contracts	615,107	937,580	-	-
Private gifts and grants	1,121,517	767,106	208,029	197,924
Auxiliary enterprises	916,272	776,629	-	-
Gifts	-	-	211,885	240,920
Miscellaneous	1,258,068	1,444,246	23,493	50,651
Total operating revenues	<u>36,719,739</u>	<u>33,620,729</u>	<u>443,407</u>	<u>489,495</u>
Expenses:				
Operating expenses				
Instruction	34,368,554	31,040,861	-	-
Public service	10,570,553	5,788,004	208,029	197,924
Instructional support	11,833,506	11,485,085	54,687	43,868
Student services	23,860,041	18,955,758	286,858	139,551
Institutional administration	9,424,336	8,205,329	-	-
Operation and maintenance of plant	12,636,790	11,740,227	-	-
Depreciation	6,522,902	6,210,179	-	-
Foundation operations	-	-	118,750	89,381
Total operating expenses	<u>109,216,682</u>	<u>93,425,443</u>	<u>668,324</u>	<u>470,724</u>
Operating gain (loss)	<u>(72,496,943)</u>	<u>(59,804,714)</u>	<u>(224,917)</u>	<u>18,771</u>
Non-Operating Revenues (Expenses):				
State appropriations	15,145,939	15,162,278	-	-
Property tax levy	31,335,431	32,747,469	-	-
Pell grants	28,599,401	16,086,969	-	-
Gifts	1,783,101	1,894,943	124,488	118,078
Investment income	84,882	853,650	149,240	387,474
Net realized and unrealized gain on investments	-	-	144,033	(744,927)
Change in value of perpetual trusts	2,703,737	(6,866,690)	-	-
Interest on capital asset - related debt	(2,896,670)	(3,106,016)	-	-
Loss on disposal of assets	-	(34,470)	-	-
Premium(discount) on bonds	(28,482)	(24,035)	-	-
Bond issuance costs	(16,319)	(58,661)	-	-
Net non-operating revenues	<u>76,711,020</u>	<u>56,655,437</u>	<u>417,761</u>	<u>(239,375)</u>
Increase (decrease) in net assets	<u>4,214,077</u>	<u>(3,149,277)</u>	<u>192,844</u>	<u>(220,604)</u>
Net Assets:				
Net assets - beginning of year	95,715,340	98,864,617	4,550,604	4,771,208
Net assets - end of year	<u>\$ 99,929,417</u>	<u>\$ 95,715,340</u>	<u>\$ 4,743,448</u>	<u>\$ 4,550,604</u>

**Mott Community College
Statement of Cash Flows
Year Ended June 30, 2010**

	Primary Government 2010	Component Unit 2010
Cash Flows from Operating Activities		
Tuition and fees	\$ 19,095,077	\$ -
Grants and contracts	12,755,712	208,029
Payments to suppliers	(39,337,044)	(326,812)
Payments to employees	(61,758,001)	-
Auxiliary enterprise	651,190	-
Gifts received	-	259,182
Allocations to primary government	-	(341,545)
Allocations from component unit	341,546	-
Other	1,427,952	23,493
Net cash used for operating activities	(66,823,568)	(177,653)
Cash Flows from Noncapital Financing Activities		
State appropriations	15,145,937	-
Local property taxes	23,266,144	-
Pell grants	28,599,401	-
Gifts and contributions for other than capital purposes	1,783,101	124,488
Agency transactions	115,523	-
Student loan receipts	26,457,779	-
Student loan disbursements	(25,846,411)	-
Net cash provided by noncapital financing activities	69,521,474	124,488
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(8,966,935)	-
Principal paid on capital debt	(6,375,000)	-
Bond issuance costs	(16,319)	-
Capital property tax levy	8,069,287	-
Interest paid on capital debt	(2,961,427)	-
Net cash used for capital and related financing activities	(10,250,394)	-
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	6,080,406	1,749,058
Interest on investments	167,906	149,240
Purchase of investments	-	(2,833,341)
Net cash (used for) provided by investing activities	6,248,312	(935,043)
Net increase (decrease) in cash	(1,304,176)	(988,208)
Cash - beginning of year	35,243,504	1,034,918
Cash - end of year	<u>\$ 33,939,328</u>	<u>\$ 46,710</u>
Cash and cash equivalents	\$ 29,026,707	\$ 46,710
Assets limited as to use	4,912,621	-
	<u>\$ 33,939,328</u>	<u>\$ 46,710</u>

See notes to financial statements.

**Mott Community College
Statement of Cash Flows
Year Ended June 30, 2010**

	Primary Government 2010	Component Unit 2010
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided by (Used for) Operating Activities:		
Operating gain (loss)	\$(72,496,943)	\$ (224,917)
Adjustments to reconcile operating loss to net cash provided by (used for)		
Depreciation	6,522,902	-
(Increase) decrease in net assets:		
Federal and state grants receivable	(1,282,587)	-
Accounts receivable (net)	(307,733)	56,011
Inventories	2,369	-
Prepaid assets and other current assets	57,419	(4,738)
Increase (decrease) in liabilities:		
Accounts payable	617,619	4,705
Accrued payroll and other compensation	45,244	-
Other accrued liabilities	611,000	
Unearned revenue	(641,706)	
Deposits held by others	48,848	(8,714)
	<u>\$(66,823,568)</u>	<u>\$ (177,653)</u>
Net cash used for operating activities	<u>\$(66,823,568)</u>	<u>\$ (177,653)</u>

See notes to financial statements.

**Mott Community College
Statement of Cash Flows
Year Ended June 30, 2009**

	Primary Government 2009	Component Unit 2009
Cash Flows from Operating Activities		
Tuition and fees	\$ 19,806,995	\$ -
Grants and contracts	9,844,046	197,924
Payments to suppliers	(31,113,684)	(327,738)
Payments to employees	(54,883,557)	-
Auxiliary enterprise	489,710	-
Gifts received	-	251,403
Allocations to primary government	-	(183,419)
Allocations from component unit	182,193	-
Other	1,467,251	50,651
Net cash provided by (used for) operating activities	(54,207,046)	(11,179)
Cash Flows from Noncapital Financing Activities		
State appropriations	15,110,242	-
Local property taxes	24,314,959	-
Pell grants	16,086,969	-
Gifts and contributions for other than capital purposes	1,894,943	118,078
Student loan receipts	332,398	-
Student loan disbursements	18,795,342	-
Student loan disbursements	(18,842,781)	-
Net cash provided by noncapital financing activities	57,692,072	118,078
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(8,286,242)	-
Principal paid on capital debt	(5,545,000)	-
Bond issuance costs	(58,661)	-
Capital property tax levy	8,432,510	-
Interest paid on capital debt	(3,285,175)	-
Net cash provided by capital and related financing activities	(8,742,568)	-
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	11,416,518	5,235,889
Interest on investments	767,521	387,474
Purchase of investments	(15,662,623)	(4,754,496)
Net cash provided by (used for) investing activities	(3,478,584)	868,867
Net increase (decrease) in cash	(8,736,126)	975,766
Cash - beginning of year	43,979,630	58,922
Cash - end of year	<u>\$ 35,243,504</u>	<u>\$ 1,034,688</u>
Cash and cash equivalents	\$ 30,722,557	\$ 1,034,918
Assets limited as to use	4,520,947	-
	<u>\$ 35,243,504</u>	<u>\$ 1,034,918</u>

See notes to financial statements.

**Mott Community College
Statement of Cash Flows
Year Ended June 30, 2009**

	<u>Primary Government 2009</u>	<u>Component Unit 2009</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided by (Used for) Operating Activities:		
Operating gain (loss)	\$(59,804,714)	\$ 18,771
Adjustments to reconcile operating loss to net cash provided by (used for)		
Depreciation	6,210,179	-
(Increase) decrease in net assets:		
Federal and state grants receivable	(1,613,862)	-
Accounts receivable (net)	(695,656)	16,771
Inventories	897	-
Prepaid assets and other current assets	(463,092)	(4,757)
Increase (decrease) in liabilities:		
Accounts payable	107,190	(35,676)
Accrued payroll and other compensation	1,372,241	-
Unearned revenue	472,253	-
Deposits held by others	207,518	(6,288)
	<u>(54,207,046)</u>	<u>(11,179)</u>

See notes to financial statements.

Mott Community College
Notes to Financial Statements
June 30, 2010

1. Basis of presentation and significant accounting policies

Reporting Entity - Mott Community College (the "College") is a Michigan community college, with its main campus located in Flint, Michigan and satellite campuses in Genesee, Lapeer, and Livingston Counties. The College is governed by a Board of Trustees, whose seven members are elected for six-year overlapping terms.

The accompanying financial statements have been prepared in accordance with the criteria established by the Governmental Accounting Standards Board (GASB) for determining the various organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Because of the economic interest the College has in the Foundation, the Foundation for Mott Community College is included in the College's reporting entity as a discretely presented component unit. The Foundation for Mott Community College is a private organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from those under GASB. No modifications have been made to the Foundation financial information included in the College's financial report to account for these differences.

Separate financial statements of the Foundation can be obtained by contacting the Foundation for Mott Community College, 1401 East Court Street, Flint, Michigan 48503.

Basis of presentation - The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to public colleges and universities as described in GASB Statement No. 35 and the *Manual for Uniform Financial Reporting- Michigan Public Community Colleges, 2001*. The College follows the "business-type" activities model of the 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. Reporting for business-type activities is based on all applicable GASB pronouncements, as well as certain applicable Financial Accounting Standards Board pronouncements, unless the latter conflicts with GASB pronouncements.

Significant accounting policies followed by the College are described below:

Accrual basis

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

Cash and cash equivalents:

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

Gifts and pledges:

Gifts are recorded at estimated fair values when received, and pledges are recorded at their net present value when it is determined that collection of the gift is probable.

Investments:

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

Mott Community College
Notes to Financial Statements
June 30, 2010

1. Basis of presentation and significant accounting policies -- (continued)

Allowance for Doubtful Accounts:

An allowance is established, when material, for doubtful accounts.

Inventories:

Inventories, including supplies, are stated at the lower of cost (first-in, first-out) or market.

Assets Limited As To Use:

Assets limited as to use represent unspent bond proceeds to be used for capital improvements to College buildings and the purchase of educational equipment.

Property and Equipment:

Property and equipment are recorded at cost or, if donated, the fair value at the time of donation. Property and equipment are depreciated over their estimated useful lives ranging from 5-50 years. Depreciation is computed using the straight line method. No depreciation is recorded on land or art. Expenditures for major renewals and betterments that extend the useful lives of the capital assets are capitalized. The College has a policy of capitalizing only property and equipment purchases of \$5,000 and over. Expenditures for maintenance and repairs are charged to current expenditures as incurred.

Operating revenues:

All revenues from programmatic sources are considered to be operating revenues. Included in non-operating revenues are state appropriations, investment income and gifts.

Revenue recognition:

Revenues are recognized in the period earned. Revenue recorded prior to year end that related to the next fiscal period is recorded as unearned revenue.

State appropriations for operations are recognized ratably over the state appropriation period. The appropriation period is from October 1 – June 30.

Property taxes, net of estimated refunds and uncollectible amounts, are recognized on the accrual basis in the year for which the levy was intended.

Tuition revenue is recognized as revenue in the semester during which the tuition is earned. Any amounts received and related to the period after June 30 are deferred and reported as unearned revenue.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Mott Community College
Notes to Financial Statements
June 30, 2010

1. Basis of presentation and significant accounting policies – (continued)

Net assets:

Net assets are classified according to external donor restrictions or availability of assets for satisfaction of College obligations. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which can not be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes and funds held in federal loan programs.

Restricted resources:

The College applies expenses first against restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

Reclassifications:

During 2010, the required state reporting was revised resulting in the elimination of the information technology expense classification in the Statement of Revenue, Expenses and Changes in Net Assets. The costs associated with providing information technology have been allocated to the instruction, instructional support, student services, and institutional administrative activities. This change has been applied retrospectively in the accompanying financial statements; accordingly, certain 2009 amounts have been reclassified to conform to this change.

Mott Community College
Notes to Financial Statements
June 30, 2010

2. Cash and investments

Investment policies for cash and investments as set forth by the Board of Trustees authorize the College to invest in bonds, bills or notes of the United States or other obligations of the State; certificates of deposit insured by a state or national bank or savings and loan organized and authorized to operate in the State of Michigan; commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase; and managed investment programs for the investment of school funds as approved by the Board of Trustees.

As of June 30, 2010, the College had the following investments and maturities:

	<u>Fair Market Value</u>	<u>Less Than One Year</u>	<u>1-10 Years</u>	<u>More Than 10 Years</u>
Money Markets	\$ 33,939,328	\$ 33,939,328	\$ -	\$ -
Total investments and maturities	<u>\$ 33,939,328</u>	<u>\$ 33,939,328</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2009, the College had the following investments and maturities:

	<u>Fair Market Value</u>	<u>Less Than One Year</u>	<u>1-10 Years</u>	<u>More Than 10 Years</u>
Money Markets	\$ 35,243,504	\$ 35,243,504	\$ -	\$ -
U.S. Government Bonds	346,063	346,063	-	-
U.S. Agency Bonds	5,225,239	5,225,239	-	-
Total investments and maturities	<u>\$ 40,814,806</u>	<u>\$ 40,814,806</u>	<u>\$ -</u>	<u>\$ -</u>

Mott Community College
Notes to Financial Statements
June 30, 2010

2. Cash and investments – (continued)

Interest rate risk:

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

Credit risk:

The College is authorized by Michigan Public Act 331 of 1966 and as amended through 1997 to invest surplus monies in bonds, bills, and notes of the United States or obligations of the State of Michigan, mutual funds and investment pools that are composed of authorized investments, bankers acceptances, commercial paper rated prime by at least one of the standard rating services, negotiable certificates of deposits and certain repurchase agreements. The College has no investment policy that would further limit its investment choices.

The credit quality rating of the U.S. Government and Agency bond categories of investments as rated by nationally recognized statistical rating organizations at June 30, 2009 was rated AAA. The money market funds are not rated.

Custodial credit risk:

The College investment policy does not address custodial credit risk. However, all of the investments are in the name of the College and are held with each financial institution from which they were purchased. Therefore, the custodial risk is limited.

Deposits:

Of the cash that the College holds, \$20,253,168 was covered by federal depository insurance and the temporary liquidity guarantee program. No deposits were uninsured or uncollateralized for the year ended June 30, 2010.

The College believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the College evaluates each institution with which it deposits College funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments held by the Foundation consisted of the following at June 30:

	<u>2010</u>	<u>2009</u>
Certificate of Deposits	\$ 393,904	\$ 292,822
Common Stocks	301,733	1,297,456
U.S. government bonds and federal agency bonds	426,535	502,903
International and corporate bonds	754,977	714,569
Real estate holdings	145,400	141,200
Mutual Funds	2,454,294	299,577
Total	<u>\$ 4,476,843</u>	<u>\$ 3,248,527</u>

Mott Community College
Notes to Financial Statements
June 30, 2010

3. Beneficial Interest in Perpetual Trusts

The College's beneficial interest in perpetual trusts represent funds held in and administered by independent trustees. The College derives income from such funds but they are not in the possession of or under control of the College. Funds held in trust by others are carried at the fair value of the net assets. Fair value has been computed based on the present value of estimated future cash flows of the College.

4. Property and equipment

The following table presents the changes in various fixed asset class categories for the year ended June 30, 2010 as follows:

	Beginning Balance	Additions	Transfer/ Deletions	Ending Balance	Estimated Useful Life (in years)
Nondepreciable capital assets:					
Land	\$ 970,940	\$ -	\$ -	\$ 970,940	
Artwork	6,200	-	-	6,200	
Construction in progress (see note 9)	1,697,930	1,743,412	(1,697,930)	1,743,412	
Total nondepreciable capital assets	2,675,070	1,743,412	(1,697,930)	2,720,552	
Depreciable capital assets:					
Buildings and improvements	152,079,641	5,604,930	-	157,684,571	15 - 50
Leasehold improvements	2,603,283	63,467	-	2,666,750	5
Infrastructure	7,614,301	133,235	-	7,747,536	10 - 50
Computer equipment	5,197,280	418,423	(8,851)	5,606,852	5 - 10
Audio-visual equipment	706,877	123,674	(28,541)	802,010	5 - 10
Other equipment	9,683,896	619,201	(40,170)	10,262,927	5 - 20
Vehicles	1,082,464	173,902	-	1,256,366	8
Library books	1,976,608	41,209	-	2,017,817	5
Total depreciable capital assets	180,944,350	7,178,041	(77,562)	188,044,829	
Total capital assets	183,619,420	8,921,453	(1,775,492)	190,765,381	
Less: accumulated depreciation:					
Buildings and improvements	61,290,375	4,499,701	-	65,790,076	
Leasehold improvements	1,203,258	522,420	-	1,725,678	
Infrastructure	6,998,911	156,410	-	7,155,321	
Computer equipment	3,597,582	652,284	(8,851)	4,241,015	
Audio-visual equipment	635,708	39,834	(28,541)	647,001	
Other equipment	5,496,635	524,330	(40,170)	5,980,795	
Vehicles	778,236	87,756	-	865,992	
Library books	1,885,708	40,167	-	1,925,875	
Total accumulated depreciation	81,886,413	6,522,902	(77,562)	88,331,753	
Total net capital assets	\$ 101,733,007	\$ 2,398,551	\$ (1,697,930)	\$ 102,433,628	

Mott Community College
Notes to Financial Statements
June 30, 2010

4. Property and equipment – (continued)

The following table presents the changes in various fixed asset class categories for the year ended June 30, 2009 as follows:

	Beginning Balance	Additions	Transfer/ Deletions	Ending Balance	Estimated Useful Life (in years)
Nondepreciable capital assets:					
Land	\$ 844,173	\$ 126,767	\$ -	\$ 970,940	
Artwork	6,200	-	-	6,200	
Construction in progress (see note 9)	1,318,778	1,697,930	(1,318,778)	1,697,930	
Total nondepreciable capital assets	2,169,151	1,824,697	(1,318,778)	2,675,070	
Depreciable capital assets:					
Buildings and improvements	148,097,133	3,982,508	-	152,079,641	15 - 50
Leasehold improvements	2,333,976	269,307	-	2,603,283	5
Infrastructure	7,499,797	114,504	-	7,614,301	10 - 50
Computer equipment	4,444,727	1,075,529	(322,976)	5,197,280	5 - 10
Audio-visual equipment	683,650	45,927	(22,700)	706,877	5 - 10
Other equipment	9,009,430	679,673	(5,207)	9,683,896	5 - 20
Vehicles	831,960	250,504	-	1,082,464	8
Library books	1,933,015	43,593	-	1,976,608	5
Total depreciable capital assets	174,833,688	6,461,545	(350,883)	180,944,350	
Total capital assets	177,002,839	8,286,242	(1,669,661)	183,619,420	
Less: accumulated depreciation:					
Buildings and improvements	57,146,914	4,143,461	-	61,290,375	
Leasehold improvements	693,531	509,727	-	1,203,258	
Infrastructure	6,855,825	143,086	-	6,998,911	
Computer equipment	3,158,589	729,218	(290,225)	3,597,582	
Audio-visual equipment	597,009	59,679	(20,980)	635,708	
Other equipment	5,006,262	495,580	(5,207)	5,496,635	
Vehicles	695,233	83,003	-	778,236	
Library books	1,839,283	46,425	-	1,885,708	
Total accumulated depreciation	75,992,646	6,210,179	(316,412)	81,886,413	
Total net capital assets	\$ 101,010,193	\$ 2,076,063	\$ (1,353,249)	\$ 101,733,007	

Mott Community College
Notes to Financial Statements
June 30, 2010

5. Long term liabilities

Long term liabilities of the College consist of bonds. The changes in long term liabilities for the year ending June 30, 2010 are as shown below.

	Beginning Balance	Additions	Reductions	Ending Balance	Current Debt Obligations
Building and Improvement Bonds:					
Series 1998	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -
Series 1999	120,000	-	120,000	-	-
Series 2000	1,100,000	-	1,100,000	-	-
Series 2002	925,000	-	450,000	475,000	475,000
Series 2003	3,510,000	-	2,000,000	1,510,000	1,510,000
Series 2004	10,650,000	-	700,000	9,950,000	750,000
Series 2005	20,600,000	-	775,000	19,825,000	2,400,000
Series 2006	12,650,000	-	650,000	12,000,000	750,000
Series 2008	15,000,000	-	-	15,000,000	650,000
Series 2009	5,665,000	-	430,000	5,235,000	515,000
Total bonds payable	\$ 70,370,000	\$ -	\$ 6,375,000	63,995,000	\$ 7,050,000
Current debt obligations				<u>7,050,000</u>	
Long term debt obligations					<u>\$ 56,945,000</u>

Debt service requirements on general obligation bonds, notes, and installment loans are as follows:

Year ended	Total	Principal	Interest
June 30, 2011	9,779,381	7,050,000	2,729,381
June 30, 2012	8,052,269	5,545,000	2,507,269
June 30, 2013	7,571,294	5,275,000	2,296,294
June 30, 2014	7,492,450	5,420,000	2,072,450
June 30, 2015	7,400,725	5,560,000	1,840,725
June 30, 2016 - June 30, 2020	33,600,700	28,260,000	5,340,700
June 30, 2021 - June 30, 2023	7,366,613	6,885,000	481,613
	<u>\$ 81,263,431</u>	<u>\$ 63,995,000</u>	<u>\$ 17,268,431</u>

**Mott Community College
Notes to Financial Statements
June 30, 2010**

5. Long term liabilities – (continued)

Long term liabilities of the College consist of bonds.

The changes in long term liabilities for the year ending June 30, 2009 are as shown below.

	Beginning Balance	Additions	Reductions	Ending Balance	Current Debt Obligations
Building and Improvement Bonds:					
Series 1998	\$ 3,335,000	\$ -	\$ 3,185,000	\$ 150,000	\$ 150,000
Series 1999	2,640,000	-	2,520,000	120,000	120,000
Series 2000	1,900,000	-	800,000	1,100,000	1,100,000
Series 2002	1,375,000	-	450,000	925,000	450,000
Series 2003	5,475,000	-	1,965,000	3,510,000	2,000,000
Series 2004	11,300,000	-	650,000	10,650,000	700,000
Series 2005	21,400,000	-	800,000	20,600,000	775,000
Series 2006	13,300,000	-	650,000	12,650,000	650,000
Series 2008	15,000,000	-	-	15,000,000	-
Series 2009	-	5,665,000	-	5,665,000	430,000
Total bonds payable	<u>\$ 75,725,000</u>	<u>\$ 5,665,000</u>	<u>\$ 11,020,000</u>	70,370,000	<u>\$ 6,375,000</u>
Current debt obligations				<u>6,375,000</u>	
Long term debt obligations					<u>\$ 63,995,000</u>

Series 1998 – 2002 bond issues were approved at an election held on May 5, 1998, authorizing issuance of bonds not to exceed \$35,900,000. These bonds were issued in a four series of bonds totaling \$35,850,000. The purpose is to fund in part, the construction of the new Regional Technology Center, purchasing advanced technology and facility restoration of various areas of the campus.

The General Obligation Building and Improvement and Refunding Bonds, Series 1998, were issued September 1, 1998 for building and site purposes and for refunding all or a portion of certain prior year bond issues. A principal payment of \$150,000 is due annually through 2010. Interest is payable semiannually at a rate of 4.40%. This series of bonds were paid in full during the fiscal year.

The General Obligation Building and Improvement Bonds, Series 1999, were issued April 26, 1999 as the second bond series to be issued as a result of the May 5, 1998 election. The purpose being to defray part of the cost of making permanent improvements to, renovating, remodeling, improving, equipping, re-equipping, furnishing and refurnishing College buildings and sites and other buildings to be used by the College for instructional purposes; acquiring College buildings and sites for College buildings; and constructing buildings and additions to College. A principal payment of \$120,000 is due annually through 2010. Interest is payable semiannually at a rates of 4.30%. This series of bonds were paid in full during the fiscal year.

Mott Community College
Notes to Financial Statements
June 30, 2010

5. Long term liabilities -- (continued)

The General Obligation Building and Improvement Bonds, Series 2000, were issued June, 26, 2000 as the third bond series to be issued as a result of the May 5, 1998 election. The purpose again being to defray part of the cost of making permanent improvements to, renovating, remodeling, improving, equipping, re-equipping, furnishing and refurbishing College buildings and sites and other buildings to be used by the College for instructional purposes; acquiring College buildings and sites for College buildings; and constructing buildings and additions to College. A principal payment of \$1,100,000 is due in 2010 with interest payable semiannually at a rate of 5.40%. This series of bonds were paid in full during the fiscal year.

The General Obligation Building and Improvement Bonds, Series 2002, were issued February, 25, 2002 as the fourth and final bond series to be issued as a result of the May 5, 1998 election. The purpose again being to defray part of the cost of making permanent improvements to, renovating, remodeling, improving, equipping, re-equipping, furnishing and refurbishing College buildings and sites and other buildings to be used by the College for instructional purposes; acquiring College buildings and sites for College buildings; and constructing buildings and additions to College. A principal payment of \$475,000 is due in 2011. Interest is payable semiannually at a rate of 3.80%.

The General Obligation Refunding Bonds, Series 2003, were issued September, 24, 2003 for the purpose of refunding portions of five prior bond issues of the College. A principal payment of \$1,500,000 is due in 2011. Interest is payable semiannually at a rate of 3.50%

The General Obligation Building and Improvement Bonds, Series 2004, were issued June 23, 2004 for the purpose of defraying part of the cost of making permanent improvements to, renovating, remodeling, improving, equipping, reequipping, furnishing and refurbishing College buildings and sites and other buildings to be used by the College for instructional purposes; acquiring buildings and sites for buildings; and constructing buildings and additions to buildings. Principal payments ranging from \$750,000 to \$1,475,000 are due annually through 2019. Interest is payable semiannually at rates which vary from 3.500% to 4.625%.

The Community College Facilities Refunding Bonds, Series 2005, were issued January, 24, 2005 for the purpose of refunding certain prior outstanding bonds of the College. This refunding activity is described in footnote 11, Advanced Refundings. Principal payments ranging from \$1,650,000 to \$2,425,000 are due annually through 2021. Interest is payable semiannually at rates which vary from 3.50% to 5%.

The Community College Facilities Bonds, Series 2006, were issued on April 4, 2006 for the purpose of making permanent improvements to, renovating, remodeling, improving equipping, reequipping, furnishing, and refurbishing College buildings and sites and other buildings to be used by the College for instructional purposes; acquiring buildings and sites for buildings; and constructing buildings and additions to buildings. Principal payments ranging from \$750,000 to \$1,325,000 are due annually through 2021. Interest is payable semiannually at rates which vary from 4% to 5%.

The Community College Facilities Bonds, Series 2008, were issued on April 15, 2008 for the purpose of making permanent improvements to, renovating, remodeling, improving equipping, reequipping, furnishing, and refurbishing College buildings and sites and other buildings to be used by the College for instructional purposes; acquiring buildings and sites for buildings; and constructing buildings and additions to buildings. Principal payments ranging from \$650,000 to \$1,225,000 are due annually beginning in 2011 through 2023. Interest is payable semiannually at rates which vary from 3.375% to 4.625%.

Mott Community College
Notes to Financial Statements
June 30, 2010

5. Long term liabilities – (continued)

The Community College Refunding Bonds, Series 2009, were issued on May 28, 2009 for the purpose of refunding certain prior outstanding bonds of the College. This refunding activity is described in footnote 11, Advanced Refundings. Principal payments ranging from \$515,000 to \$550,000 are due annually through 2019. Interest is payable semiannually at rates which vary from 3% to 4%.

6. Operating Leases

The College leases equipment under non-cancellable operating leases. Total cost for such leases were \$185,252 for the 2010 and \$285,051 for 2009. The future minimum lease payments for these leases are as follows:

<u>Years Ending</u> <u>June 30</u>	<u>Amount</u>
2011	\$ 149,491
2012	149,491
2013	149,491
2014	115,774
2015	<u>47,831</u>
Total	<u>\$ 612,078</u>

7. Employee benefits

Retirement Plan

Plan Description - The College participates in the Michigan Public School Employees' Retirement System (MPSERS), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan. The system provides retirement, survivor and disability benefits to plan members and their beneficiaries. The system also provides post-employment health care benefits to retirees and beneficiaries who elect to receive those benefits. MPSERS issues a financial report that is available to the public. That report includes financial statements as required supplementary information for the pension and post-employment health care plans. This report can be obtained at www.michigan.gov/orsschools, by calling (517) 322-5103, or by writing to the Office of Retirement Systems, Michigan Public School Employees' Retirement System, 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

Pension Benefits – Employer contributions to the pension system result from the effects of implementing the School Finance Reform Act. Under these procedures, the college is required to contribute the full actuarial funding contribution amount to fund pension benefits. The employer contribution rate was 9.73% of covered payroll for the period, July 1, 2009 through September 30, 2009 and was 10.13% for the duration of the fiscal year. Basic plan members make no contributions, but Member Investment Plan participants contribute at rates ranging from 3% to 4.3% of gross wages. The College's required and actual pension contributions to the plan for the years ended June 30, 2010, 2009, and 2008 were \$3,124,006, 2,851,057 and 2,701,690, respectively.

Mott Community College
Notes to Financial Statements
June 30, 2010

7. Employee benefits – (continued)

Post-employment benefits - Under the MPSERS Act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10% of the monthly premium amount for the health, dental and vision coverage at the time of receiving benefits. The MPSERS Board of Trustees annually sets the employer contribution rate to fund the benefits on a pay as you go basis. Participating employers are required to contribute at that rate. The employer contribution rate was 6.81% of covered payroll for the period July 1, 2009 through June 30, 2010. The College's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2010, 2009, and 2008 were \$2,142,961, 1,914,507, and \$1,655,874, respectively.

Defined Contribution Plan

Certain employees of the College may elect to participate in an optional retirement program (ORP) in lieu of participating in the MPSERS plan. The ORP is a defined contribution plan affiliated with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA-CREF). Under the ORP, the College contributes between 10% and 20.48%, and the participant contributes 3.9% of the participant's compensation. Total covered payroll and College contributions for the years ended June 30, 2010 and 2009 were \$8,635,048 and \$1,091,152 and \$8,396,868 and \$1,183,094, respectively.

In addition to the MPSERS and ORP plans, the College also provides deferred compensation plans to all of its' full time employees under Sections 403(b) and 457(b) of the U.S. Internal Revenue Code. Employees may make elective deferrals up to amounts allowable by current tax law.

8. Contingencies and commitments

The College participates in various grant programs, both federal and state sponsored. Compliance audits in accordance with OMB Circular A-133 have been conducted and reported under a separate cover. The A-133 report has not yet been accepted by the grantor agencies. However, management expects any disallowed costs, if any, to be immaterial in relation to the financial statements taken as a whole. The College also has various construction contract commitments. Note number 9 describes these commitments.

9. Construction in progress

The College started concept design work as well as construction on the Library. As of June 30, 2010 total expenditures were \$1,743,442. The remaining costs that the College has committed to complete these projects are \$2,334,558 and it is expected to be completed during the 2010 – 2011 fiscal year.

Mott Community College
Notes to Financial Statements
June 30, 2010

10. Risk Management

The College is exposed to various risks of loss related to property loss, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The College has purchased commercial insurance for property loss, errors and omissions and medical benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

11. Advance Refunding

On May 28, 2009, the College issued \$5,665,000 in Series 2009 Community College Refunding Bonds with an average interest rate of 3.4%. These bonds were issued to advance refund a portion of the 1998 Series and 1999 Series bonds in the amounts of \$3,035,000 and \$2,440,000, respectively, with an average interest rate of 4.6%. The net proceeds, after payment of \$166,821 in underwriting fees, insurance and other issuance costs, was \$ 5,607,134. These funds were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of these respective bonds. As a result, the refunded bonds are considered defeased with the liability for these bonds removed from the capital position fund. The advance refunding reduced the total debt service payments by approximately \$303,866, which represents a present value economic gain of approximately \$257,533.

In prior years, the College defeased certain 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 liabilities for the defeased bonds are not included in the basic financial statements. The current year defeasance was treated as a non-cash transaction and is excluded from the cash flow statement. At June 30, 2010, \$5,475,000 of bonds outstanding are considered defeased.

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**Additional
Information**

**Mott Community College
Combining Balance Sheet
June 30, 2010**

	Combined Total	General Fund	Designated Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 29,026,707	17,768,047	\$ -
State appropriation receivable	2,730,256	2,730,256	-
Accounts receivable - net of \$3,779,316 allowance	2,213,295	1,929,865	361
Grants receivable	4,620,268	-	-
Inventories	41,164	41,164	-
Prepaid expenses and other assets	654,907	651,800	-
 Total current assets	 39,286,597	 23,121,132	 361
Assets limited as to use	4,912,621	-	-
Beneficial interest in perpetual trusts	32,178,383	-	-
Bond discount	324,721	-	-
Deferred charges	1,650,698	-	-
Property and equipment - net of \$88,331,753 accumulated depreciation	102,433,628	-	-
 Total assets	 \$ 180,786,648	 \$ 23,121,132	 \$ 361

Auxiliary Fund	Agency Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
\$ 530	\$ -	\$ -	\$ -	\$ 11,258,130
-	-	-	-	-
22,368	260,669	32	-	-
-	-	4,620,268	-	-
-	-	-	-	-
-	-	-	-	3,107
22,898	260,669	4,620,300	-	11,261,237
-	-	-	-	4,912,621
-	-	-	32,178,383	-
-	-	-	-	324,721
-	-	-	-	1,650,698
-	-	-	-	102,433,628
\$ 22,898	\$ 260,669	\$ 4,620,300	\$ 32,178,383	\$ 120,582,905

Mott Community College
Combining Balance Sheet (continued)
June 30, 2010

	Combined Total	General Fund	Designated Fund
Liabilities and Net Assets			
Current liabilities:			
Current portion of debt obligations	\$ 7,050,000	\$ -	\$ -
Accounts payable	4,255,034	4,255,034	-
Due to (from) other funds	-	2,402,657	(2,223,278)
Accrued interest payable	476,918	-	-
Accrued payroll and related liabilities	4,681,374	4,504,641	2,574
Deposits held for others	164,371	48,848	-
Unearned revenue	1,850,243	902,012	342,691
Total current liabilities	18,477,940	12,113,192	(1,878,013)
Long term debt obligations	56,945,000	-	-
Accrued termination pay	3,123,061	3,123,061	-
Bond premium	1,700,230	-	-
Other accrued liabilities	611,000	611,000	-
Total liabilities	80,857,231	15,847,253	(1,878,013)
Net assets:			
Invested in capital assets, net of related debt	42,553,676	-	-
Restricted for			
Nonexpendable	32,178,383	-	-
Expendable			
Scholarships and awards	45,642	-	-
Capital projects	55,170	-	-
Debt service	1,306,859	-	-
Unrestricted	23,789,687	7,273,879	1,878,374
Total net assets	99,929,417	7,273,879	1,878,374
Total liabilities and net assets	\$ 180,786,648	\$ 23,121,132	\$ 361

Auxiliary Fund	Agency Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
\$ -	\$ -	\$ -	\$ -	\$ 7,050,000
-	-	-	-	-
22,898	145,146	3,794,959	-	(4,142,382)
-	-	-	-	476,918
-	-	174,159	-	-
-	115,523	-	-	-
-	-	605,540	-	-
22,898	260,669	4,574,658	-	3,384,536
-	-	-	-	56,945,000
-	-	-	-	-
-	-	-	-	1,700,230
-	-	-	-	-
22,898	260,669	4,574,658	-	62,029,766
-	-	-	-	42,553,676
-	-	-	32,178,383	-
-	-	45,642	-	-
-	-	-	-	55,170
-	-	-	-	1,306,859
-	-	-	-	14,637,434
-	-	45,642	32,178,383	58,553,139
\$ 22,898	\$ 260,669	\$ 4,620,300	\$ 32,178,383	\$ 120,582,905

Mott Community College
Combining Statement of Revenues, Expenses,
Transfers and Changes in Net Assets
June 30, 2010

	Combined Total	Eliminations
Revenues:		
Operating revenues		
Tuition and fees	\$ 36,257,663	\$ -
Less scholarship allowances	(16,819,569)	(16,819,569)
Federal grants and contracts	13,370,681	-
State and local grants and contracts	615,107	-
Private gifts and grants	1,121,517	(394,661)
Auxiliary enterprises	916,272	-
Expenditures for equipment and capital improvements	-	(7,223,523)
Miscellaneous	1,258,068	-
Total operating revenues	<u>36,719,739</u>	<u>(24,437,753)</u>
Expenses:		
Operating expenses		
Instruction	34,368,554	(505,007)
Public service	10,570,553	(85,382)
Instructional support	11,833,506	(139,311)
Student services	23,860,041	(18,633,588)
Institutional administration	9,424,336	(39,327)
Operation and maintenance of plant	12,636,790	(5,035,138)
Depreciation	6,522,902	-
Total operating expenses	<u>109,216,682</u>	<u>(24,437,753)</u>
Operating income (loss)	(72,496,943)	-
Non-Operating Revenues (Expenses):		
State appropriations	15,145,939	-
Property tax levy	31,335,431	-
Pell	28,599,401	-
Gifts	1,783,101	-
Investment income	84,882	-
Change in value of perpetual trusts	2,703,737	-
Interest on capital asset - related debt	(2,896,670)	-
Premium(discount) on bonds	(28,482)	-
Bond issuance costs	(16,319)	-
Net non-operating revenues	<u>76,711,020</u>	<u>-</u>
Increase (decrease) in net assets	4,214,077	-
Transfers in (out)	-	-
Net increase (decrease) in net assets	<u>4,214,077</u>	<u>-</u>
Net Assets:		
Net assets - beginning of year	95,715,340	-
Net assets - end of year	<u>\$ 99,929,417</u>	<u>\$ - 0 -</u>

General Fund	Designated Fund	Auxiliary Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
\$ 34,456,612	\$ 1,801,051	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	13,370,681	-	-
-	-	-	615,107	-	-
4,314	-	-	1,511,864	-	-
-	-	916,272	-	-	-
-	-	-	-	-	7,223,523
768,504	462,160	-	3,582	-	23,822
<u>35,229,430</u>	<u>2,263,211</u>	<u>916,272</u>	<u>15,501,234</u>	<u>-</u>	<u>7,247,345</u>
30,646,861	-	-	672,435	-	3,554,265
571,571	-	212,193	9,872,171	-	-
9,323,750	-	360	2,305,783	-	342,924
10,714,019	978,645	52,529	30,748,436	-	-
9,285,190	-	-	148,421	-	30,052
10,322,754	239,488	-	2,383	-	7,107,303
-	-	-	-	-	6,522,902
<u>70,864,145</u>	<u>1,218,133</u>	<u>265,082</u>	<u>43,749,629</u>	<u>-</u>	<u>17,557,446</u>
(35,634,715)	1,045,078	651,190	(28,248,395)	-	(10,310,101)
15,145,939	-	-	-	-	-
23,266,144	-	-	-	-	8,069,287
-	-	-	28,599,401	-	-
1,723,101	60,000	-	-	-	-
37,400	-	-	-	-	47,482
-	-	-	-	2,703,737	-
-	-	-	-	-	(2,896,670)
-	-	-	-	-	(28,482)
-	-	-	-	-	(16,319)
<u>40,172,584</u>	<u>60,000</u>	<u>-</u>	<u>28,599,401</u>	<u>2,703,737</u>	<u>5,175,298</u>
4,537,869	1,105,078	651,190	351,006	2,703,737	(5,134,803)
(4,046,305)	(1,139,653)	(651,190)	(353,451)	-	6,190,599
491,564	(34,575)	-	(2,445)	2,703,737	1,055,796
6,782,315	1,912,949	-	48,087	29,474,646	57,497,343
<u>\$ 7,273,879</u>	<u>\$ 1,878,374</u>	<u>\$ - 0 -</u>	<u>\$ 45,642</u>	<u>\$ 32,178,383</u>	<u>\$ 58,553,139</u>

Mott Community College
Schedule 1 - Details of General Fund Expenses
Year Ended June 30, 2010

	Salaries	Fringe Benefits	Services	Materials and Supplies
Instruction	\$ 21,395,788	\$ 6,955,970	\$ 1,037,848	\$ 969,601
Public service	326,765	79,821	103,111	5,095
Instructional support	5,724,298	2,194,144	506,266	224,320
Student services	5,300,043	1,917,289	1,015,897	342,924
Institutional administration	3,608,677	2,497,470	726,864	134,620
Physical plant operations	3,761,926	1,638,894	1,637,218	856,251
	<u>\$ 40,117,497</u>	<u>\$ 15,283,588</u>	<u>\$ 5,027,204</u>	<u>\$ 2,532,811</u>

Facilities Rent	Utilities and Insurance	Other Expenses	Capital Outlay	Total
\$ 179,585	\$ -	\$ 107,310	\$ 759	\$ 30,646,861
9,000	-	47,779	-	571,571
-	54,794	617,806	2,122	9,323,750
156	1,103	2,136,607	-	10,714,019
3,737	-	2,313,822	-	9,285,190
55,000	2,181,562	35,844	156,059	10,322,754
\$ 247,478	\$ 2,237,459	\$ 5,259,168	\$ 158,940	\$ 70,864,145

Mott Community College
Schedule 2 - Details of Auxiliary Activities
Year Ended June 30, 2010

Activity	Balance July 1, 2009	Revenues	Expenditures (1)
Vending	\$ -	\$ 107,860	\$ -
Outside Catering	-	199,139	212,193
Bookstore--Main Campus	-	574,688	32,258
Pay Pal Account	-	-	360
Bookstore--Lapeer Campus	-	2,362	1,671
Pay Phones	-	-	-
Student Computer Lab Printing	-	32,223	18,600
	<u>\$ - 0 -</u>	<u>\$ 916,272</u>	<u>\$ 265,082</u>

(1) Expenses include amounts allocated from the General Fund for utilities and maintenance costs. These costs amounted to \$29,502 for the bookstore.

Transfers In (Out)

<u>Excess Revenues to General Fund</u>	<u>Excess Expenditures Absorbed by General Fund</u>	<u>Balance June 30, 2010</u>
\$ 107,860	\$ -	\$ -
-	13,054	-
542,430	-	-
-	360	-
691	-	-
-	-	-
13,623	-	-
<u>\$ 664,604</u>	<u>\$ 13,414</u>	<u>\$ - 0 -</u>