

**Financial Statements**

**Mott Community College  
Flint, Michigan**

**June 30, 2011 and 2010**

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## Independent Auditor's Report

To the Board of Trustees  
Mott Community College

We have audited the accompanying basic financial statements of Charles Stewart Mott Community College, County of Genesee, Michigan (Mott Community College) and its discretely presented component unit as of and for the years ended June 30, 2011 and 2010, 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, 2011 and 2010 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 13, 2011 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 19 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 13, 2011

# Mott Community College

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## 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, 2011, 2010 and 2009 and its financial activities for the three years ended June 30, 2011. 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, the 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, 2011. This supplementary section is not required by the 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, the 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)

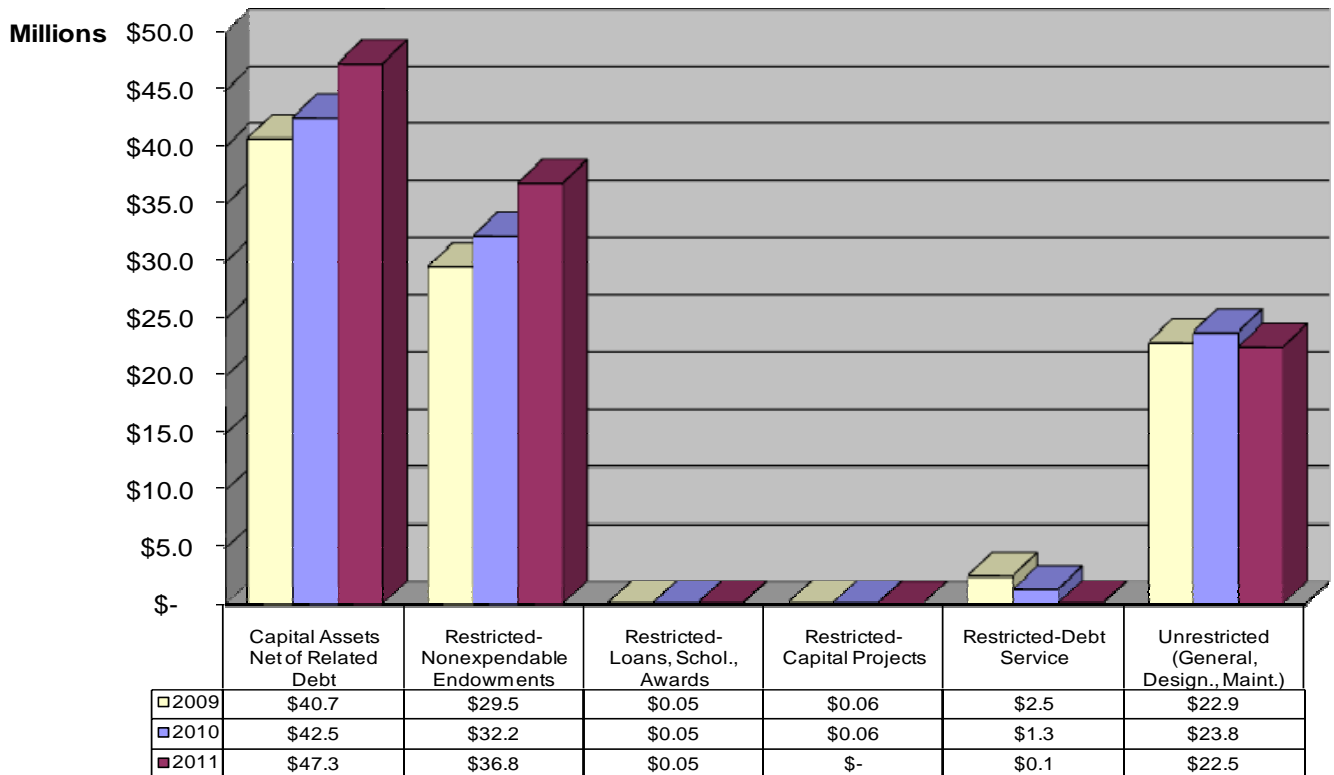
### Financial Highlights

The College's Net Assets improved for the year ended June 30, 2011. Total Assets decreased from \$182.9 million to \$180.8 million to \$178.0 million at June 30, 2009, 2010 and 2011, respectively. Liabilities totaled \$71.3 million at June 30, 2011, compared to \$80.9 million in 2010 and \$87.2 in 2009. Net assets, which represent the remaining value of the College's assets after liabilities are deducted, increased by \$6.7 million (or 6.7%) 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 \$106.7 million at June 30, 2011.

The Unrestricted category within Net Assets remained consistent over the past three years, from \$22.9 million at June 30, 2009, to \$23.8 million at June 30, 2010, to \$22.5 million at June 30, 2011.

The following chart provides a graphical categorization of net assets for the fiscal years ended June 30, 2011, 2010 and 2009:

**Breakdown of Net Assets - By Category**



# Mott Community College

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## 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, 2011 and 2010 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 health. 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, 2011 compared to June 30, 2010 and June 30, 2009. 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, 2011, 2010 and 2009  
(in millions)

	(in millions)		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>			
Current Assets	\$ 35.2	\$ 39.3	\$ 39.4
Capital Assets	\$ 104.3	\$ 102.4	\$ 101.7
Other Noncurrent Assets	\$ 38.5	\$ 39.1	\$ 48.1
Total Assets	<u>\$ 178.0</u>	<u>\$ 180.8</u>	<u>\$ 189.2</u>
<b>LIABILITIES</b>			
Current Liabilities	\$ 15.2	\$ 18.5	\$ 18.3
Noncurrent Liabilities	\$ 56.1	\$ 62.4	\$ 68.9
Total Liabilities	\$ 71.3	\$ 80.9	\$ 87.2
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	\$ 47.3	\$ 42.5	\$ 40.7
Restricted - Nonexpendable	\$ 36.8	\$ 32.2	\$ 29.5
Restricted - Expendable	\$ 0.1	\$ 1.4	\$ 2.6
Unrestricted	\$ 22.5	\$ 23.8	\$ 22.9
Total Net Assets	<u>\$ 106.7</u>	<u>\$ 99.9</u>	<u>\$ 95.7</u>
Total Liabilities and Net Assets	<u>\$ 178.0</u>	<u>\$ 180.8</u>	<u>\$ 182.9</u>

The growth in Total Net Assets from 2009 to 2010 from \$95.7 million to \$99.9 million and from 2010 to 2011 to \$106.7 million was largely due to the increased market valuation of our perpetual trusts.

The most significant changes in the Balance Sheet during 2011 related to:

- A decrease from 2010 to 2011 in Current Assets is due to a decrease in cash and cash equivalents offset by an increase in grants receivable.
- The decrease in Total Liabilities from 2010 to 2011 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, 2011 with a \$6.7 million increase in Total Net Assets, totaling \$106.7 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, 2011 compared to June 30, 2010 and June 30, 2009. 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, 2011, 2010 and 2009

	(in millions)		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total Operating Revenues	\$ 35.1	\$ 36.7	\$ 33.6
Total Operating Expenses	<u>\$ 111.0</u>	<u>\$ 109.2</u>	<u>\$ 93.4</u>
Total Operating Loss	\$ (75.9)	\$ (72.5)	\$ (59.8)
Nonoperating Revenues, Net	<u>\$ 78.6</u>	<u>\$ 76.7</u>	<u>\$ 56.6</u>
Income (loss) before other revenues	<u>\$ 2.7</u>	<u>\$ 4.2</u>	<u>\$ (3.2)</u>
Other Revenues	<u>\$ 4.1</u>	<u>\$ -</u>	<u>\$ -</u>
Total Increase(decrease) in Net Assets	\$ 6.8	\$ 4.2	\$ (3.2)
Net Assets, Beginning of Year	<u>\$ 99.9</u>	<u>\$ 95.7</u>	<u>\$ 98.9</u>
Net Assets, End of Year	<u><u>\$ 106.7</u></u>	<u><u>\$ 99.9</u></u>	<u><u>\$ 95.7</u></u>

In the fiscal year ended June 30, 2011, the College's revenues and other support exceeded expenses, creating an increase in Total Net Assets of \$6.8 million (compared to a \$4.2 million increase during 2010 and a \$3.2 million decrease during 2009).

# 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:

	2011	2010	2009
<b>Tuition and fees, net of Scholarship Allowances of \$19,915,988, \$16,819,569, and \$10,357,314 in 2011, 2010 and 2009, respectively</b>	<b>\$ 19,928,295</b>	<b>\$ 19,438,094</b>	<b>\$ 20,066,570</b>
<b>Federal Grants and contracts</b>	<b>\$ 10,381,560</b>	<b>\$ 13,370,681</b>	<b>\$ 9,628,598</b>
<b>State and Local Grants and Contracts</b>	<b>\$ 1,255,139</b>	<b>\$ 615,107</b>	<b>\$ 937,580</b>
<b>Nongovernmental Grants</b>	<b>\$ 1,174,356</b>	<b>\$ 1,121,517</b>	<b>\$ 767,106</b>
<b>Auxiliary enterprises</b>	<b>\$ 912,638</b>	<b>\$ 916,272</b>	<b>\$ 776,629</b>
<b>Other Operating Revenues</b>	<b>\$ 1,400,633</b>	<b>\$ 1,258,068</b>	<b>\$ 1,444,246</b>
<b>Total Operating Revenues</b>	<b>\$ 35,052,621</b>	<b>\$ 36,719,739</b>	<b>\$ 33,620,729</b>

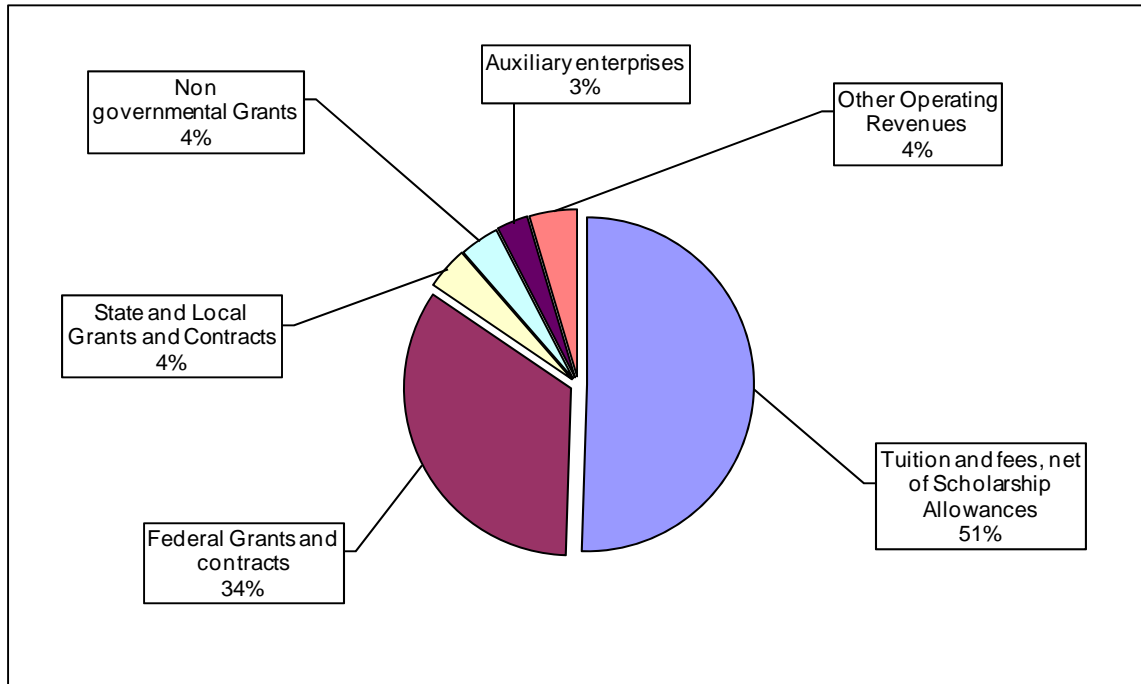
Total operating revenues increased \$1.4 million (or 4.3%) during the past three years, as a result of the following:

- Gross tuition and fee revenue increased by approximately \$9.4 million during the three years ended June 30, 2011. This 31% overall increase was principally due to average annual tuition increases of 4.8% for the 2009, 2010, and 2011 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 92.3%, a rate exceeding the tuition and fee revenue increase by 61.3%. This is due to increased PELL grant revenue and other student aid used to fund tuition and fees in recent years.
- Federal Grants and Contracts increased from 2009 to 2010 mainly in the areas of No Worker Left Behind and Workforce Development areas, as well as ARRA funding in 2010. The category decreased in 2011 due to the ARRA funding ending, and several larger grants, including Tacom-RPDDP, IOFIS, CAM, and WIRED, winding down.
- Auxiliary enterprises revenue increased slightly from 2009 to 2011, by \$136 thousand, and miscellaneous revenues decreased by approximately \$38 thousand.

# Mott Community College

## Management's Discussion and Analysis - Unaudited (continued)

The following is a graphic illustration of operating revenues by source for 2011:



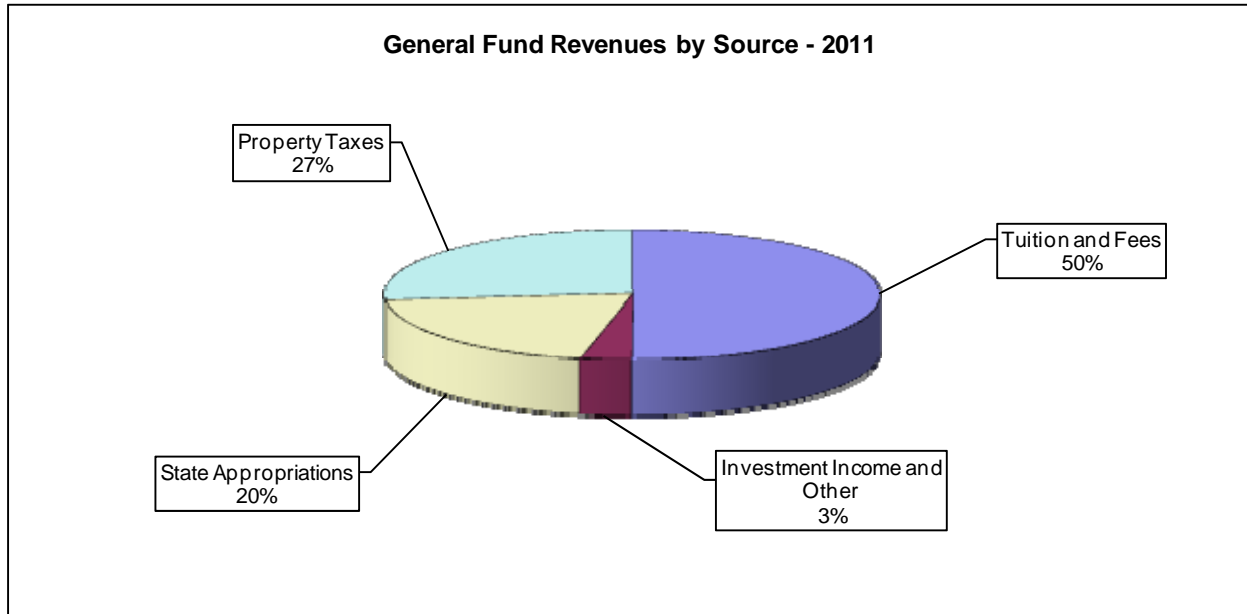
Internally, the College uses fund accounting to account for separate funding sources and uses. The operating revenues above, for instance, include revenues within all funds, depicting the funding sources of the institution as a whole as required by the reporting model.

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, 2011:



### 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, 2011 total \$111.0 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.

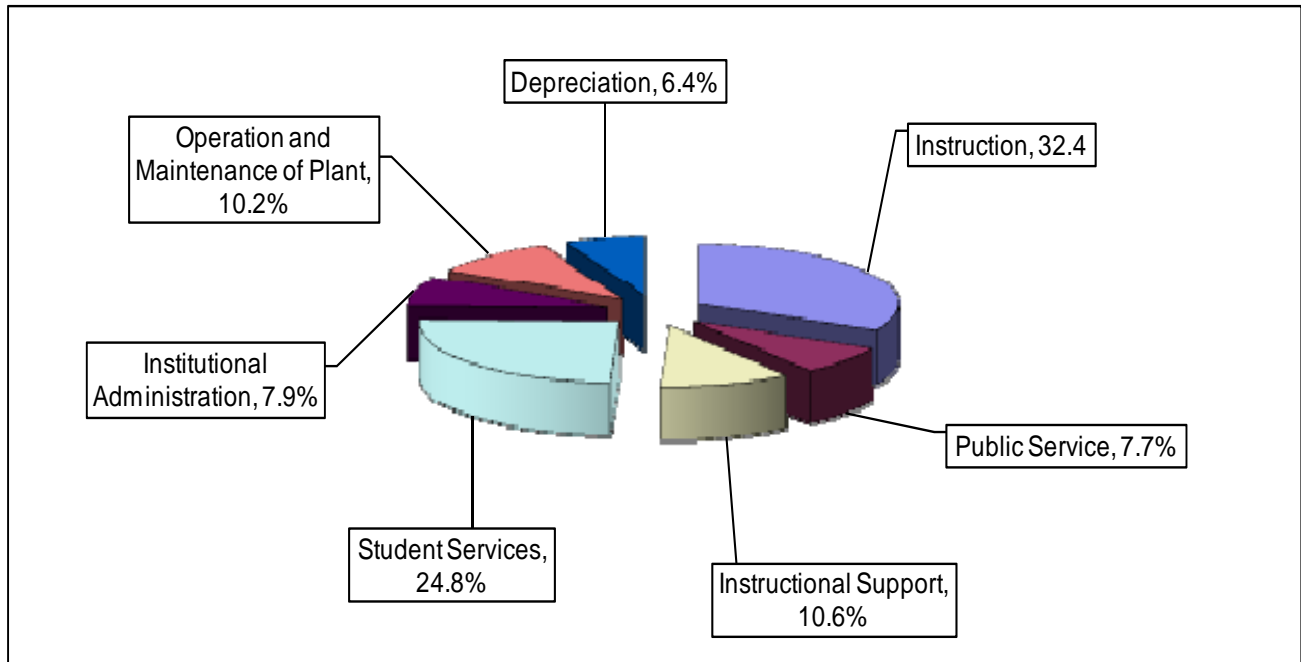
#### Operating Expenses by Function

	2011	2010	2009
Instruction	\$ 35,999,044	\$ 34,368,554	\$ 31,040,861
Public Service	\$ 8,494,713	\$ 10,570,553	\$ 5,788,004
Instructional Support	\$ 11,788,119	\$ 11,833,506	\$ 11,485,085
Student Services	\$ 27,505,734	\$ 23,860,041	\$ 18,955,758
Institutional Administration	\$ 8,771,676	\$ 9,424,336	\$ 8,205,329
Operation and Maintenance of Plant	\$ 11,324,043	\$ 12,636,790	\$ 11,740,227
Depreciation	\$ 7,148,626	\$ 6,522,902	\$ 6,210,179
<b>Total Operating Expenses</b>	<b>\$ 111,031,955</b>	<b>\$ 109,216,682</b>	<b>\$ 93,425,443</b>

# 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, 2011:



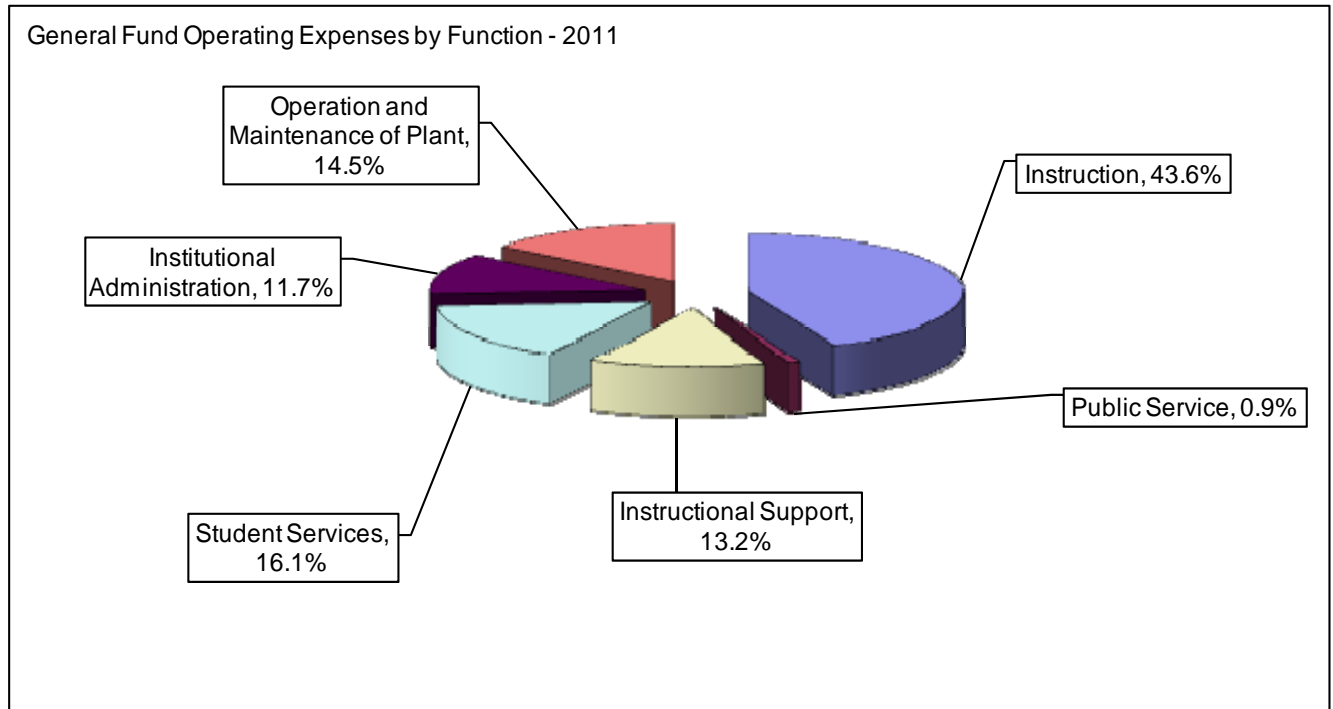
The College continues to spend the largest percentage of operating budget on instruction, with student services, operation and maintenance of plant, and instructional support making up the next largest proportions of operating expenses. These expenses include not only operating funds, but also plant and restricted fund activities. Additionally, in the Public Service area, the College has seen significant fluctuations tied to the funding levels from our Workforce Investment Act (WIA) grants. Further, there has been a significant increase in the Student Services expenditures directly corresponding to the substantial increase in financial aid processing.

The majority of total operating expenses are reported internally in the College's General Fund. In the General Fund, operating expenses for 2011 were \$73.2 million. General Fund operating expenses increased by \$2.4 million (or 3.3%) from 2010 to 2011, and by \$5.8 million (or 8.9%) from 2009 to 2010. Most of the increases represent contractual and rate increases in salary and fringe benefit costs, as well as rising contracted services, bad debt, 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, 2011:



### 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.

	2011	2010	2009
State Appropriations	\$ 15,121,880	\$ 15,145,939	\$ 15,162,278
Property Tax Levy	\$ 27,258,403	\$ 31,335,431	\$ 32,747,469
Gifts	\$ 1,634,329	\$ 1,783,101	\$ 1,894,943
Pell Grants	\$ 32,720,276	\$ 28,599,401	\$ 16,086,969
Investment Income	\$ 22,611	\$ 84,882	\$ 853,650
<b>Total Non-Operating Revenues</b>	<b>\$ 76,757,499</b>	<b>\$ 76,948,754</b>	<b>\$ 66,745,309</b>

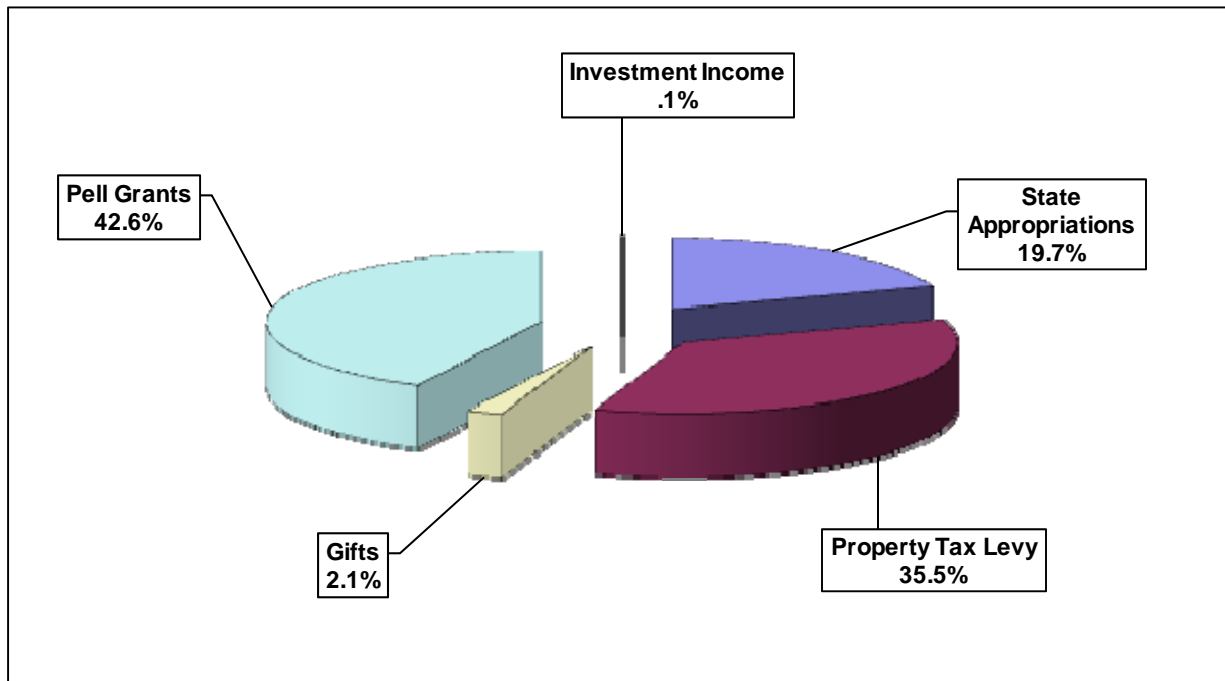
# Mott Community College

## Management's Discussion and Analysis - Unaudited (continued)

Total non-operating revenues increased by \$10 million during the past three years:

- State appropriations remained consistent from 2009 to 2011.
- Property tax revenues decreased 16.8% or \$5.5 million from 2009 to 2011. 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 2012 budget includes a \$2.9 million decrease in property tax revenues. The College's combined tax levy rates were 2.6796 for 2009, 2010, and 2011.
- Pell revenue has increased \$4.1 million from 2010 to 2011 and \$12.5 million from 2009 to 2010, for a total increase of \$16.6 million or 104%. 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, 2011:



# Mott Community College

## Management's Discussion and Analysis - Unaudited (continued)

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.

	2011	2010	2009
<b>Interest on Capital Asset-Related Debt</b>	<b>\$ 2,670,342</b>	<b>\$ 2,896,670</b>	<b>\$ 3,106,016</b>
<b>Loss on Disposal of Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,470</b>
<b>Discount on Bonds</b>	<b>\$ 26,998</b>	<b>\$ 28,482</b>	<b>\$ 24,035</b>
<b>Bond Issuance Costs</b>	<b>\$ 5,359</b>	<b>\$ 16,319</b>	<b>\$ 58,661</b>
<b>Total Non-Operating Expenses</b>	<b>\$ 2,702,699</b>	<b>\$ 2,941,471</b>	<b>\$ 3,223,182</b>

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 2011, 2010, and 2009 was \$4,574,086, \$2,707,737, and (\$6,866,690), respectively.

### Other Revenues

Other revenues consist of items that are typically nonrecurring, extraordinary, or unusual to the College.

	2011	2010	2009
<b>State Capital Appropriations</b>	<b>\$ 4,078,000</b>	<b>\$ -</b>	<b>\$ -</b>

There were no other revenues recorded in the years ended June 30, 2010 and June 30, 2009.

For the year ended June 30, 2011 other revenues included:

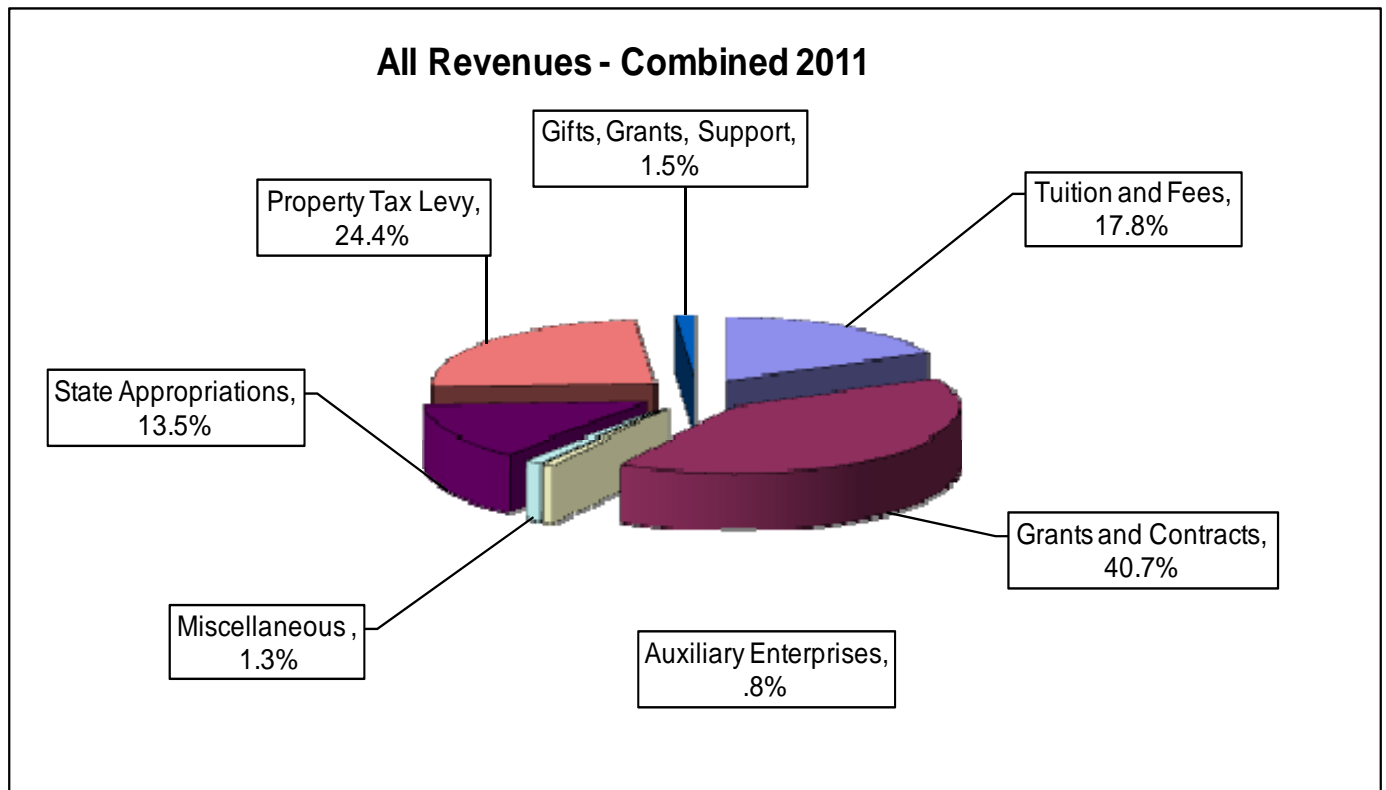
- State capital appropriations - this revenue is related to the state's portion of an \$8 million project to renovate the College's Library, which was funded 50% by voted bond proceeds obtained by the College, and 50% by the State of Michigan. Construction was completed during the 2010-2011 fiscal year.

# Mott Community College

## Management's Discussion and Analysis - Unaudited (continued)

### All Revenues – Combined

The following is a graphic illustration of the College's total revenues in all classifications-- Operating Revenues, Non-operating Revenues and Other Revenues—for 2011:



For fiscal year 2011 grants and contracts, Pell grants, accounted for 40.7% of total revenues, and is the largest single source of revenue for the College. As property taxes continue to decline 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 13.5% of the total revenues for the College as a whole for fiscal year 2011.

# Mott Community College

## Management's Discussion and Analysis - Unaudited (continued)

### 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:

- 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>2011</u>	<u>2010</u>	<u>2009</u>
<b>Cash and cash equivalents provided (used) by:</b>			
<b>Operating activities</b>	\$ (69.3)	\$ (66.8)	\$ (54.2)
<b>Noncapital financing activities</b>	66.1	69.5	57.6
<b>Capital and related financing activities</b>	(9.6)	(10.2)	(8.7)
<b>Investing activities</b>	<u>0.02</u>	<u>6.2</u>	<u>(3.5)</u>
<b>Net decrease in cash</b>	(12.8)	(1.3)	(8.8)
<b>Cash and cash equivalents, beginning of year</b>	<u>33.9</u>	<u>35.2</u>	<u>44.0</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 21.1</u>	<u>\$ 33.9</u>	<u>\$ 35.2</u>

The \$69.3 million in net cash used for operating activities includes \$100.6 million in payments to employees and suppliers, offset by \$35.5 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 \$66.1 million in cash provided from non-capital financing activities.

The net decrease of \$9.6 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, in addition to proceeds from the State of Michigan for capital appropriations related to the Library project.

The overall result of cash flows is a decrease in cash of \$12.8 million during 2011.

# 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:

	2011	2010	2009
<b>Property and Equipment:</b>			
Land	\$ 970,940	\$ 970,940	\$ 970,940
Artwork	\$ 6,200	\$ 6,200	\$ 6,200
Construction in Progress	\$ 41,528	\$ 1,743,412	\$ 1,697,930
Buildings and Improvements	\$ 169,736,164	\$ 160,351,321	\$ 154,682,924
Infrastructure	\$ 8,043,812	\$ 7,747,536	\$ 7,614,301
Equipment	\$ 17,520,204	\$ 16,671,789	\$ 15,588,054
Vehicles	\$ 1,345,498	\$ 1,256,366	\$ 1,082,464
Library Books	\$ 2,055,296	\$ 2,017,817	\$ 1,976,608
Accumulated Depreciation	\$ (95,438,179)	\$ (88,331,753)	\$ (81,886,414)
<b>Total Property and Equipment</b>	<b>\$ 104,281,463</b>	<b>\$ 102,433,628</b>	<b>\$ 101,733,007</b>

Major capital additions completed this year included the following:

Mott Library Renovations	\$8.2 million
Southern Lakes Center Improvements	\$ .5 million

The College has future planned capital expenditures that include 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 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, 2011, the College had \$51.4 million in long-term bond-related debt outstanding, versus \$56.9 million on June 30, 2010 and \$64 million on June 30, 2009.

The College received a bond credit rating of 'A+' from Standard & Poor's for the series of bonds issued during 2009. According to Standard & Poor's, at the time of the bond issuance, the strong rating reflected continued improvements in the College's general fund balance that 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. Beginning with the 2008-2009 budget year, the College's property tax revenues decreased due to significant declines in the Genesee county property tax values. For the two budget years ended in 2009 and 2010, the College lost nearly \$2 million. In the fiscal year ended June 30, 2011, the College lost another \$2.4 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.

The 2011-2012 state budget includes a 4.2% decrease in the Appropriation to Mott Community College, or approximately \$650 thousand. Based on recent history and current state budget problems, any additional increase in funding seems unlikely, as State appropriations to community colleges have not kept up with the rate of inflation since 2000.

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% 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

# Mott Community College

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## Management's Discussion and Analysis - Unaudited (continued)

help alleviate the significant additional administrative costs in the student services area including financial aid, counseling, registration, and facilities.

In light of the continued significant losses in property tax revenue and a reduction in state aid for the 2011-2012 fiscal year, the Board of Trustees authorized substantial budget cuts and a 9.5% tuition increase effective January 2012, making the in-district tuition rate \$108.05 per contact hour. This tuition increase and budget cuts did not close the budget gap and the Board of Trustees also authorized a \$1.4 million use of the Colleges fund balance in the current year.

Mott Community College must continue to address challenges of rising operating costs, especially within employee compensation, as this area represents 73.9% 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, the second phase was implemented in the spring of 2009 and the final phase implemented in the spring of 2011.

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, 2011**  
**With Comparative Figures at June 30, 2010**

	Primary Government		Component Unit Foundation for Mott Community College	
	2011	2010	2011	2010
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 21,093,219	\$ 29,026,707	\$ 5,433	\$ 46,710
Property taxes receivable	8,446	-	-	-
State appropriation receivable	2,730,256	2,730,256	-	-
Accounts receivable - Net of allowance for uncollectible accounts (\$4,835,390 for 2011 and \$3,779,316 for 2010)	2,213,483	2,213,295	105,648	195,223
Grants receivable	6,928,560	4,620,268	-	-
State capital appropriation receivable	2,032,059	-	-	-
Inventories	40,838	41,164	-	-
Prepaid expenses and other assets	116,221	654,907	5,428	5,000
Total current assets	35,163,082	39,286,597	116,509	246,933
Long term investments	-	-	5,468,304	4,476,843
Assets limited as to use	208	4,912,621	-	-
Beneficial interest in perpetual trusts	36,752,469	32,178,383	-	-
Bond discount	291,346	324,721	-	-
Deferred charges	1,506,780	1,650,698	27,932	25,160
Property and equipment - net of accumulated depreciation ( \$95,438,179 for 2011 and \$88,331,753 for 2010 )	104,281,463	102,433,628	-	-
Total assets	<u>\$ 177,995,348</u>	<u>\$ 180,786,648</u>	<u>\$ 5,612,745</u>	<u>\$ 4,748,936</u>

See notes to financial statements.

	Primary Government		Component Unit Foundation for Mott Community College	
	2011	2010	2011	2010
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Current portion of debt obligations	\$ 5,545,000	\$ 7,050,000	\$ -	\$ -
Accounts payable	3,002,911	4,255,034	4,286	4,821
Accrued interest payable	417,878	476,918	-	-
Accrued payroll and related liabilities	4,497,609	4,681,374	-	-
Deposits held for others	329,665	164,371	-	-
Unearned revenue	1,417,605	1,850,243	7,167	667
<b>Total current liabilities</b>	<b>15,210,668</b>	<b>18,477,940</b>	<b>11,453</b>	<b>5,488</b>
Long term debt obligations	51,400,000	56,945,000	-	-
Accrued termination pay	2,656,753	3,123,061	-	-
Bond premium	1,549,935	1,700,230	-	-
Other accrued liabilities	521,023	611,000	-	-
<b>Total liabilities</b>	<b>71,338,379</b>	<b>80,857,231</b>	<b>11,453</b>	<b>5,488</b>
Net assets:				
Invested in capital assets, net of related debt	47,291,106	42,553,676	-	-
Restricted for				
Nonexpendable	36,752,469	32,178,383	1,664,642	1,598,465
Expendable				
Scholarships and awards	52,927	45,642	1,786,113	1,556,058
Capital projects	-	55,170	-	-
Debt service	47,947	1,306,859	-	-
Unrestricted	22,512,520	23,789,687	2,150,537	1,588,925
<b>Total net assets</b>	<b>106,656,969</b>	<b>99,929,417</b>	<b>5,601,292</b>	<b>4,743,448</b>
<b>Total liabilities and net assets</b>	<b>\$ 177,995,348</b>	<b>\$ 180,786,648</b>	<b>\$ 5,612,745</b>	<b>\$ 4,748,936</b>

See notes to financial statements.

**Mott Community College**  
**Statement of Revenues, Expenses and Changes in Net Asset**  
**Year Ended June 30, 2011**  
**With Comparative Figures at June 30, 2010**

	Primary Government		Component Unit Foundation for Mott Community College	
	2011	2010	2011	2010
<b>Revenues:</b>				
Operating revenues				
Tuition and fees	\$ 39,844,283	\$ 36,257,663	\$ -	\$ -
Less scholarship allowances	(19,915,988)	(16,819,569)	-	-
Federal grants and contracts	10,381,560	13,370,681	-	-
State and local grants and contracts	1,255,139	615,107	-	-
Private gifts and grants	1,174,356	1,121,517	213,348	419,914
Auxiliary enterprises	912,638	916,272	-	-
Miscellaneous	1,400,633	1,258,068	45,921	23,493
Total operating revenues	<u>35,052,621</u>	<u>36,719,739</u>	<u>259,269</u>	<u>443,407</u>
<b>Expenses:</b>				
Operating expenses				
Instruction	35,999,044	34,368,554	-	-
Public service	8,494,713	10,570,553	150,000	208,029
Instructional support	11,788,119	11,833,506	49,198	54,687
Student services	27,505,734	23,860,041	168,775	286,858
Institutional administrator	8,771,676	9,424,336	-	-
Operation and maintenance of plant	11,324,043	12,636,790	-	-
Depreciation	7,148,626	6,522,902	-	-
Foundation operations	-	-	59,018	118,750
Total operating expenses	<u>111,031,955</u>	<u>109,216,682</u>	<u>426,991</u>	<u>668,324</u>
Operating loss	(75,979,334)	(72,496,943)	(167,722)	(224,917)
<b>Non-Operating Revenues (Expenses)</b>				
State appropriations	15,121,880	15,145,939	-	-
Property tax levy	27,258,403	31,335,431	-	-
Pell grants	32,720,276	28,599,401	-	-
Gifts	1,634,329	1,783,101	105,550	124,488
Investment income	22,611	84,882	158,630	149,240
Net realized and unrealized gain on investment	-	-	761,386	144,033
Change in value of perpetual trusts	4,574,086	2,703,737	-	-
Interest on capital asset - related debt	(2,670,342)	(2,896,670)	-	-
Discount on bonds	(26,998)	(28,482)	-	-
Bond issuance costs	(5,359)	(16,319)	-	-
Net non-operating revenues	<u>78,628,886</u>	<u>76,711,020</u>	<u>1,025,566</u>	<u>417,761</u>
Income before other revenues and expenses	2,649,552	4,214,077	857,844	192,844
<b>Other Revenues:</b>				
State capital appropriations	4,078,000	-	-	-
Increase in net assets	6,727,552	4,214,077	857,844	192,844
<b>Net Assets:</b>				
Net assets - beginning of year	99,929,417	95,715,340	4,743,448	4,550,604
Net assets - end of year	<u>\$106,656,969</u>	<u>\$ 99,929,417</u>	<u>\$ 5,601,292</u>	<u>\$ 4,743,448</u>

See notes to financial statements.

**Mott Community College  
Statement of Cash Flows  
Year Ended June 30, 2011**

	Primary Government 2011	Component Unit 2011
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$ 19,436,243	\$ -
Grants and contracts	13,672,314	213,348
Payments to suppliers	(42,542,355)	(209,981)
Payments to employees	(62,522,398)	-
Auxiliary enterprise	640,901	-
Gifts received	-	96,075
Allocations to primary government	-	(217,973)
Allocations from component unit	217,973	-
Other	1,732,483	45,921
	<u>(69,364,839)</u>	<u>(72,610)</u>
<b>Net cash used for operating activities</b>		
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	15,121,880	-
Local property taxes	20,168,704	-
Pell grants	32,547,457	-
Gifts and contributions for other than capital purposes	1,634,329	105,550
Agency transactions	268,466	-
Student loan receipts	13,655,658	-
Student loan disbursements	(17,254,606)	-
	<u>66,141,888</u>	<u>105,550</u>
<b>Net cash provided by noncapital financing activities</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of capital assets	(8,996,460)	-
Principal paid on capital debt	(7,050,000)	-
Bond issuance costs	(5,359)	-
Capital grant proceeds	2,045,941	-
Capital property tax levy	7,089,699	-
Interest paid on capital debt	(2,729,382)	-
	<u>(9,645,561)</u>	<u>-</u>
<b>Net cash used for capital and related financing activities</b>		
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales and maturities of investments	-	2,289,730
Interest on investments	22,611	158,630
Purchase of investments	-	(2,522,577)
	<u>22,611</u>	<u>(74,217)</u>
<b>Net cash provided by (used for) investing activities</b>		
<b>Net decrease in cash</b>	<u>(12,845,901)</u>	<u>(41,277)</u>
<b>Cash - beginning of year</b>	<u>33,939,328</u>	<u>46,710</u>
<b>Cash - end of year</b>	<u>\$ 21,093,427</u>	<u>\$ 5,433</u>
Cash and cash equivalents	\$ 21,093,219	\$ 5,433
Assets limited as to use	208	-
	<u>\$ 21,093,427</u>	<u>\$ 5,433</u>

*See notes to financial statements.*

**Mott Community College  
Statement of Cash Flows  
Year Ended June 30, 2011**

	Primary Government 2011	Component Unit 2011
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used for Operating Activities:</b>		
Operating loss	\$(75,979,334)	\$ (167,722)
Adjustments to reconcile operating loss to net cash provided by (used for)		
Depreciation	7,148,626	-
(Increase) decrease in net assets:		
Federal and state grants receivable	1,290,656	-
Accounts receivable (net)	(187)	89,575
Inventories	326	-
Prepaid assets and other current assets	538,686	(428)
Increase (decrease) in liabilities:		
Accounts payable	(1,252,123)	(535)
Accrued payroll and other compensation	(650,073)	-
Other accrued liabilities	61,199	-
Unearned revenue	(432,638)	-
Deposits held by others	(89,977)	6,500
	<u>\$(69,364,839)</u>	<u>\$ (72,610)</u>
Net cash used for operating activities	<u>\$(69,364,839)</u>	<u>\$ (72,610)</u>

*See notes to financial statements.*

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

	Primary Government 2010	Component Unit 2010
<b>Cash Flows from Operating Activities</b>		
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
	<u>(66,823,568)</u>	<u>(177,653)</u>
<b>Net cash used for operating activities</b>		
<b>Cash Flows from Noncapital Financing Activities</b>		
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)	-
	<u>69,521,474</u>	<u>124,488</u>
<b>Net cash provided by noncapital financing activities</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>		
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)	-
	<u>(10,250,394)</u>	<u>-</u>
<b>Net cash used for capital and related financing activities</b>		
<b>Cash Flows from Investing Activities</b>		
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)
	<u>6,248,312</u>	<u>(935,043)</u>
<b>Net cash provided by (used for) investing activities</b>		
<b>Net decrease in cash</b>	<u>(1,304,176)</u>	<u>(988,208)</u>
<b>Cash - beginning of year</b>	<u>35,243,504</u>	<u>1,034,918</u>
<b>Cash - end of year</b>	<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
<b>Reconciliation of Net Operating Revenues (Expenses) to Net Cash Used for Operating Activities:</b>		
Operating 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)
Net cash used for operating activities	\$(66,823,568)	\$ (177,653)

*See notes to financial statements.*

**Mott Community College**  
**Notes to Financial Statements**  
**June 30, 2011**

**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 sites 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. 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, 2011**

**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, 2011**

**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 cannot be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes and funds held in federal loan programs.

Certain unrestricted net assets have been designated by the Board for the College Life Enhancement Fund, repairs and upgrades to parking facilities, and a reserve fund to protect the College against emergencies.

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.

Upcoming Accounting Pronouncement: GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, was issued in June 2011. This Statement introduced and defined those elements as a consumption of net assets by the College that is applicable to a future reporting period and an acquisition of net assets by the College that is applicable to a future reporting period, respectively. The standard also incorporates deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The College is currently evaluating the impact this standard will have on the financial statements when adopted, during the College's fiscal year ending June 2013.

**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 and in accordance with Michigan State law.

As of June 30, 2011, 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	\$ 21,093,427	\$ 21,093,427	\$ -	\$ -
Total investments and maturities	<u>\$ 21,093,427</u>	<u>\$ 21,093,427</u>	<u>\$ -</u>	<u>\$ -</u>

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>

**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 237 of 2008 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 deposit and certain repurchase agreements. The College has no investment policy that would further limit its investment choices.

**Mott Community College**  
**Notes to Financial Statements**  
**June 30, 2011**

**2. Cash and investments – (continued)**

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 held as of June 30, 2011, \$12,494,149 was covered by federal depository insurance and the temporary liquidity guarantee program. \$12,040,791 was uninsured and uncollateralized for the year ended June 30, 2011.

Of the cash that the College held as of June 30, 2010, \$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:

	2011	2010
Money market mutual funds	\$5,433	\$46,710
Certificates of deposit	198,025	393,904
Common stock - U.S. equities	199,140	301,733
U.S. government bonds and federal agency bonds	30,353	426,535
U.S. corporate bonds	1,212,765	754,977
Real estate holding	142,783	145,400
Mutual Funds		
Equity investments	3,331,961	2,367,663
Balanced investments	353,277	86,631
Total	\$5,473,737	\$4,523,553

**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.

**Mott Community College**  
**Notes to Financial Statements**  
**June 30, 2011**

**4. Property and equipment**

The following table presents the changes in various fixed asset class categories for the year ended June 30, 2011 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)	1,743,412	41,528	(1,743,412)	41,528	
<b>Total nondepreciable capital assets</b>	<b>2,720,552</b>	<b>41,528</b>	<b>(1,743,412)</b>	<b>1,018,668</b>	
Depreciable capital assets:					
Buildings and improvements	157,684,571	9,379,552	-	167,064,123	15 - 50
Leasehold improvements	2,666,750	5,290	-	2,672,040	5
Infrastructure	7,747,536	296,276	-	8,043,812	10 - 50
Computer equipment	5,606,852	448,913	-	6,055,765	5 - 10
Audio-visual equipment	802,010	20,414	-	822,424	5 - 10
Other equipment	10,262,927	421,289	(42,200)	10,642,016	5 - 20
Vehicles	1,256,366	89,132	-	1,345,498	8
Library books	2,017,817	37,479	-	2,055,296	5
<b>Total depreciable capital assets</b>	<b>188,044,829</b>	<b>10,698,345</b>	<b>(42,200)</b>	<b>198,700,974</b>	
<b>Total capital assets</b>	<b>190,765,381</b>	<b>10,739,873</b>	<b>(1,785,612)</b>	<b>199,719,642</b>	
Less: accumulated depreciation:					
Buildings and improvements	65,790,076	5,123,982	-	70,914,058	
Leasehold improvements	1,725,678	518,056	-	2,243,734	
Infrastructure	7,155,321	186,037	-	7,341,358	
Computer equipment	4,241,015	626,058	-	4,867,073	
Audio-visual equipment	647,001	36,223	-	683,224	
Other equipment	5,980,795	531,433	(42,200)	6,470,028	
Vehicles	865,992	85,970	-	951,962	
Library books	1,925,875	40,867	-	1,966,742	
<b>Total accumulated depreciation</b>	<b>88,331,753</b>	<b>7,148,626</b>	<b>(42,200)</b>	<b>95,438,179</b>	
<b>Total net capital assets</b>	<b>\$ 102,433,628</b>	<b>\$ 3,591,247</b>	<b>\$ (1,743,412)</b>	<b>\$ 104,281,463</b>	

Mott Community College's library renovation was partially financed through the issuance of bonds by the State of Michigan Building Authority (SBA). The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to a lease agreement entered into between the SBA, the State of Michigan, and the College. During the lease term, the SBA holds title to the building, the State of Michigan makes all lease payments directly to the SBA, and the College is responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer title to the building to the College. The cost (\$8.2 million) and accumulated depreciation for the facility is included in the accompanying statements of net assets.

**Mott Community College**  
**Notes to Financial Statements**  
**June 30, 2011**

**4. Property and equipment – (continued)**

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	
<b>Total nondepreciable capital assets</b>	<b>2,675,070</b>	<b>1,743,412</b>	<b>(1,697,930)</b>	<b>2,720,552</b>	
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
<b>Total depreciable capital assets</b>	<b>180,944,350</b>	<b>7,178,041</b>	<b>(77,562)</b>	<b>188,044,829</b>	
<b>Total capital assets</b>	<b>183,619,420</b>	<b>8,921,453</b>	<b>(1,775,492)</b>	<b>190,765,381</b>	
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	
<b>Total accumulated depreciation</b>	<b>81,886,413</b>	<b>6,522,902</b>	<b>(77,562)</b>	<b>88,331,753</b>	
<b>Total net capital assets</b>	<b>\$ 101,733,007</b>	<b>\$ 2,398,551</b>	<b>\$ (1,697,930)</b>	<b>\$ 102,433,628</b>	

**Mott Community College**  
**Notes to Financial Statements**  
**June 30, 2011**

**5. Long term liabilities**

Long term liabilities of the College consist of bonds. The changes in long term liabilities for the year ended June 30, 2011 are as shown below.

Building and Improvement Bonds:	Interest Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance	Current Debt Obligations
Series 2002	3.80%	May 1, 2011	\$ 475,000	\$ -	\$ 475,000	\$ -	\$ -
Series 2003	3.50%	July 1, 2010	1,510,000	-	1,510,000	-	-
Series 2004	3.50% - 4.625%	May 1, 2019	9,950,000	-	750,000	9,200,000	825,000
Series 2005	3.50% - 5.00%	May 1, 2021	19,825,000	-	2,400,000	17,425,000	2,425,000
Series 2006	4.00% - 5.00%	May 1, 2021	12,000,000	-	750,000	11,250,000	900,000
Series 2008	3.375% - 4.625%	May 1, 2023	15,000,000	-	650,000	14,350,000	875,000
Series 2009	3.00% - 4.00%	May 1, 2021	5,235,000	-	515,000	4,720,000	520,000
Total bonds payable			<u>\$ 63,995,000</u>	<u>\$ -</u>	<u>\$ 7,050,000</u>	56,945,000	<u>\$ 5,545,000</u>
Current debt obligations						<u>5,545,000</u>	
Long term debt obligations						<u>\$51,400,000</u>	

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

Year ending	Total	Principal	Interest
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	7,327,219	5,730,000	1,597,219
June 30, 2017 - June 30, 2021	31,021,656	26,965,000	4,056,656
June 30, 2022 - June 30, 2023	2,618,438	2,450,000	168,438
	<u>\$ 71,484,051</u>	<u>\$ 56,945,000</u>	<u>\$ 14,539,051</u>

**Mott Community College**  
**Notes to Financial Statements**  
**June 30, 2011**

**5. Long term liabilities – (continued)**

Long term liabilities of the College consist of bonds.

The changes in long term liabilities for the year ended June 30, 2010 are as shown below.

Building and Improvement Bond:	Interest Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance	Current Debt Obligations
Series 1998	4.40%	July 1, 2009	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -
Series 1999	4.30%	July 1, 2009	120,000	-	120,000	-	-
Series 2000	5.40%	May 1, 2010	1,100,000	-	1,100,000	-	-
Series 2002	3.80%	May 1, 2011	925,000	-	450,000	475,000	475,000
Series 2003	3.50%	July 1, 2010	3,510,000	-	2,000,000	1,510,000	1,510,000
Series 2004	3.50% - 4.625%	May 1, 2019	10,650,000	-	700,000	9,950,000	750,000
Series 2005	3.50% - 5.00%	May 1, 2021	20,600,000	-	775,000	19,825,000	2,400,000
Series 2006	4.00% - 5.00%	May 1, 2021	12,650,000	-	650,000	12,000,000	750,000
Series 2008	3.375% - 4.625%	May 1, 2023	15,000,000	-	-	15,000,000	650,000
Series 2009	3.00% - 4.00%	May 1, 2021	5,665,000	-	430,000	5,235,000	515,000
Total bonds payable			<u>\$70,370,000</u>	<u>\$ -</u>	<u>\$ 6,375,000</u>	63,995,000	<u>\$ 7,050,000</u>
Current debt obligations						<u>7,050,000</u>	
Long term debt obligations						<u>\$56,945,000</u>	

**6. Operating Leases**

The College leases equipment under non-cancelable operating leases. Total cost for such leases was \$149,491 for 2011 and \$185,252 for 2010. The future minimum lease payments for these leases are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2012	\$ 159,330
2013	159,330
2014	157,136
2015	<u>110,409</u>
Total	<u>\$ 586,205</u>

**Mott Community College**  
**Notes to Financial Statements**  
**June 30, 2011**

**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](http://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 10.13% of covered payroll for the period, July 1, 2010 through September 30, 2010, and was 12.16% 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 6.4% of gross wages. The College's required and actual pension contributions to the plan for the years ended June 30, 2011, 2010, and 2009 were \$3,712,100, \$3,124,006 and \$2,851,057, respectively.

*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, 2010 through September 30, 2010, 7.25% for the month of October 2010, and 8.50% for the duration of the fiscal year. The College's required and actual contributions to the plan for retiree health care benefits for the years ended June 30, 2011, 2010, and 2009 were \$2,430,198, \$2,142,961, and \$1,914,507, 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 13.54%, and the participant contributes 3.9% of the participant's compensation. Total covered payroll and College contributions for the years ended June 30, 2011 and 2010 were \$9,011,699 and \$1,095,234 and \$8,635,048 and \$1,091,152, 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.

**Mott Community College**  
**Notes to Financial Statements**  
**June 30, 2011**

**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 construction on a new mini station and gates on Prah Drive. As of June 30, 2011 total expenditures were \$30,000. This project was completed during the 2011 – 2012 fiscal year.

The College started a boiler replacement project at the Garfield G. Wagner Building. As of June 30, 2011 total expenditures were \$11,528. The completion of this project will occur sometime in the fiscal year 2011-2012.

**10. Federal Direct Lending Program**

The College distributed \$17,254,606 and \$25,846,411 for student loans through the U.S. Department of Education's federal direct lending program for the years ended June 30, 2011 and 2010, respectively. These distributions and the related funding source are not included as expenses or revenues in the accompanying financial statements.

**11. 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 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.

**12. 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, were \$ 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.

**Mott Community College**  
**Notes to Financial Statements**  
**June 30, 2011**

**12. Advance Refunding – (continued)**

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, 2011, \$4,560,000 of bonds outstanding are considered defeased.

**Additional  
Information**

**Mott Community College  
Combining Balance Sheet  
June 30, 2011**

	Combined Total	General Fund	Designated Fund
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 21,093,219	9,085,511	\$ -
Property taxes receivable	8,446	8,446	-
State appropriation receivable	2,730,256	2,730,256	-
Accounts receivable - net of \$4,835,390 allowance	2,213,483	2,076,046	726
Grants receivable	6,928,560	-	-
State capital appropriation receivable	2,032,059	-	-
Inventories	40,838	40,838	-
Prepaid expenses and other assets	116,221	116,219	-
 Total current assets	 35,163,082	 14,057,316	 726
 Assets limited as to use	 208	 -	 -
Beneficial interest in perpetual trusts	36,752,469	-	-
Bond discount	291,346	-	-
Deferred charges	1,506,780	-	-
Property and equipment - net of \$95,438,179 accumulated depreciation	104,281,463	-	-
 Total assets	 \$ 177,995,348	 \$ 14,057,316	 \$ 726

Auxiliary Fund	Agency Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
\$ 170	\$ -	\$ -	\$ -	\$ 12,007,538
-	-	-	-	-
-	-	-	-	-
19,774	116,642	295	-	-
-	-	6,928,560	-	-
-	-	2,032,059	-	-
-	-	-	-	-
-	-	-	-	2
19,944	116,642	8,960,914	-	12,007,540
-	-	-	-	208
-	-	-	36,752,469	-
-	-	-	-	291,346
-	-	-	-	1,506,780
-	-	-	-	104,281,463
\$ 19,944	\$ 116,642	\$ 8,960,914	\$ 36,752,469	\$ 118,087,337

**Mott Community College**  
**Combining Balance Sheet (continued)**  
**June 30, 2011**

	Combined Total	General Fund	Designated Fund
<b>Liabilities and Net Assets</b>			
Current liabilities:			
Current portion of debt obligations	\$ 5,545,000	\$ -	\$ -
Accounts payable	3,002,911	3,002,911	-
Due to (from) other funds	-	(4,587,991)	(1,889,385)
Accrued interest payable	417,878	-	-
Accrued payroll and related liabilities	4,497,609	4,314,899	3,662
Deposits held for others	329,665	61,199	-
Unearned revenue	1,417,605	622,435	401,055
<b>Total current liabilities</b>	<b>15,210,668</b>	<b>3,413,453</b>	<b>(1,484,668)</b>
Long term debt obligations	51,400,000	-	-
Accrued termination pay	2,656,753	2,656,753	-
Bond premium	1,549,935	-	-
Other accrued liabilities	521,023	521,023	-
<b>Total liabilities</b>	<b>71,338,379</b>	<b>6,591,229</b>	<b>(1,484,668)</b>
Net assets:			
Invested in capital assets, net of related debt	47,291,106	-	-
Restricted for			
Nonexpendable	36,752,469	-	-
Expendable			
Scholarships and awards	52,927	-	-
Capital projects	-	-	-
Debt service	47,947	-	-
Unrestricted	22,512,520	7,466,087	1,485,394
<b>Total net assets</b>	<b>106,656,969</b>	<b>7,466,087</b>	<b>1,485,394</b>
<b>Total liabilities and net assets</b>	<b>\$ 177,995,348</b>	<b>\$ 14,057,316</b>	<b>\$ 726</b>

Auxiliary Fund	Agency Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
\$ -	\$ -	\$ -	\$ -	\$ 5,545,000
-	-	-	-	-
(14,453)	(151,824)	8,334,824	-	(1,691,171)
-	-	-	-	417,878
-	-	179,048	-	-
-	268,466	-	-	-
-	-	394,115	-	-
(14,453)	116,642	8,907,987	-	4,271,707
-	-	-	-	51,400,000
-	-	-	-	-
-	-	-	-	1,549,935
-	-	-	-	-
(14,453)	116,642	8,907,987	-	57,221,642
-	-	-	-	47,291,106
-	-	-	36,752,469	-
-	-	52,927	-	-
-	-	-	-	-
-	-	-	-	47,947
34,397	-	-	-	13,526,642
34,397	-	52,927	36,752,469	60,865,695
\$ 19,944	\$ 116,642	\$ 8,960,914	\$ 36,752,469	\$ 118,087,337

**Mott Community College**  
**Combining Statement of Revenues, Expenses**  
**Transfers and Changes in Net Assets**  
**June 30, 2011**

	Combined Total	Eliminations
<b>Revenues:</b>		
Operating revenues		
Tuition and fees	\$ 39,844,283	\$ -
Less scholarship allowances	(19,915,988)	(19,915,988)
Federal grants and contracts	10,381,560	-
State and local grants and contracts	1,255,139	-
Private gifts and grants	1,174,356	(674,737)
Auxiliary enterprises	912,638	-
Expenditures for equipment and capital improvement:	-	(8,996,460)
Miscellaneous	1,400,633	-
Total operating revenues	<u>35,052,621</u>	<u>(29,587,185)</u>
<b>Expenses:</b>		
Operating expenses		
Instruction	35,999,044	(814,838)
Public service	8,494,713	(175,121)
Instructional support	11,788,119	(280,306)
Student services	27,505,734	(20,038,352)
Institutional administration	8,771,676	(1,400)
Operation and maintenance of plant	11,324,043	(8,277,168)
Depreciation	7,148,626	-
Total operating expenses	<u>111,031,955</u>	<u>(29,587,185)</u>
Operating (loss) income	(75,979,334)	-
<b>Non-Operating Revenues (Expenses):</b>		
State appropriations	15,121,880	-
Property tax levy	27,258,403	-
Pell	32,720,276	-
Gifts	1,634,329	-
Investment income	22,611	-
Change in value of perpetual trusts	4,574,086	-
Interest on capital asset - related debt	(2,670,342)	-
Discount on bonds	(26,998)	-
Bond issuance costs	(5,359)	-
Net non-operating revenues	<u>78,628,886</u>	<u>-</u>
Income (loss) before other revenues and expense	2,649,552	-
<b>Other Revenues:</b>		
State capital appropriations	<u>4,078,000</u>	<u>-</u>
Increase (decrease) in net assets:	6,727,552	-
Transfers in (out)	<u>-</u>	<u>-</u>
Net increase (decrease) in net assets:	<u>6,727,552</u>	<u>-</u>
<b>Net Assets:</b>		
Net assets - beginning of year	99,929,417	-
Net assets - end of year	<u>\$ 106,656,969</u>	<u>\$ - 0 -</u>

General Fund	Designated Fund	Auxiliary Fund	Expendable Restricted Fund	Endowment Fund	Plant Fund
\$ 37,938,580	\$ 1,905,703	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	10,381,560	-	-
-	-	-	1,255,139	-	-
4,751	-	-	1,844,342	-	-
-	-	912,638	-	-	-
-	-	-	-	-	8,996,460
922,220	416,526	-	422	-	61,465
38,865,551	2,322,229	912,638	13,481,463	-	9,057,925
31,940,352	-	-	950,620	-	3,922,910
664,263	-	217,922	7,787,649	-	-
9,686,922	-	360	2,095,234	-	285,909
11,800,056	833,479	53,455	34,857,096	-	-
8,535,217	-	-	223,018	-	14,841
10,588,517	203,447	-	4,098,000	-	4,711,247
-	-	-	-	-	7,148,626
73,215,327	1,036,926	271,737	50,011,617	-	16,083,533
(34,349,776)	1,285,303	640,901	(36,530,154)	-	(7,025,608)
15,121,880	-	-	-	-	-
20,168,704	-	-	-	-	7,089,699
-	-	-	32,720,276	-	-
1,634,329	-	-	-	-	-
11,184	-	-	-	-	11,427
-	-	-	-	4,574,086	-
-	-	-	-	-	(2,670,342)
-	-	-	-	-	(26,998)
-	-	-	-	-	(5,359)
36,936,097	-	-	32,720,276	4,574,086	4,398,427
2,586,321	1,285,303	640,901	(3,809,878)	4,574,086	(2,627,181)
-	-	-	4,078,000	-	-
2,586,321	1,285,303	640,901	268,122	4,574,086	(2,627,181)
(2,394,113)	(1,678,283)	(606,504)	(260,837)	-	4,939,737
192,208	(392,980)	34,397	7,285	4,574,086	2,312,556
7,273,879	1,878,374	-	45,642	32,178,383	58,553,139
\$ 7,466,087	\$ 1,485,394	\$ 34,397	\$ 52,927	\$ 36,752,469	\$ 60,865,695

**Mott Community College**  
**Schedule 1 - Details of General Fund Expenses**  
**Year Ended June 30, 2011**

	Salaries	Fringe Benefits	Services	Materials and Supplies
Instruction	\$ 21,335,342	\$ 7,757,131	\$ 1,402,768	\$ 882,866
Public service	357,654	117,360	131,542	6,469
Instructional support	5,676,806	2,557,641	524,082	266,955
Student services	5,181,532	2,161,634	982,610	251,621
Institutional administration	3,586,831	2,409,793	889,897	180,154
Physical plant operations	3,819,748	1,810,356	1,462,496	846,243
	<u>\$ 39,957,913</u>	<u>\$ 16,813,915</u>	<u>\$ 5,393,395</u>	<u>\$ 2,434,308</u>

Facilities Rent	Utilities and Insurance	Other Expenses	Capital Outlay	Total
\$ 195,354	\$ -	\$ 365,337	\$ 1,554	\$ 31,940,352
-	-	51,238	-	664,263
-	67,100	593,520	818	9,686,922
-	3,831	3,207,508	11,320	11,800,056
-	-	1,450,638	17,904	8,535,217
-	2,353,891	49,539	246,244	10,588,517
\$ 195,354	\$ 2,424,822	\$ 5,717,780	\$ 277,840	\$ 73,215,327

**Mott Community College**  
**Schedule 2 - Details of Auxiliary Activities**  
**Year Ended June 30, 2011**

Activity	Balance July 1, 2010	Revenues	Expenditures (1)
Vending	\$ -	\$ 99,944	\$ -
Outside Catering	-	215,341	217,922
Bookstore--Main Campus	-	567,295	33,274
Pay Pal Account	-	-	360
Bookstore--Lapeer Campus	-	2,322	1,295
Student Computer Lab Printing	-	27,736	18,886
	<u>\$ - 0 -</u>	<u>\$ 912,638</u>	<u>\$ 271,737</u>

(1) Expenditures include amounts allocated from the General Fund for utilities and maintenance costs. These costs amounted to \$29,850 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, 2011</u>
\$ 99,944	\$ -	\$ -
-	2,581	-
534,021	-	-
-	360	-
1,027	-	-
8,850	-	-
<u>\$ 643,842</u>	<u>\$ 2,941</u>	<u>\$ - 0 -</u>