Grand Rapids Community College

Financial Report
with Supplemental Information
June 30, 2013

Contents

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Independent Auditor's Report

To the Board of Trustees
Grand Rapids Community College

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Rapids Community College (the "College") and its discretely presented component unit as of and for the years ended June 30, 2013 and 2012 and the related notes to the financial statements, which collectively comprise Grand Rapids Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited under *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Grand Rapids Community College and its discretely presented component unit as of June 30, 2013 and 2012 and the respective changes in financial position and, where applicable, cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Grand Rapids Community College

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2012, the College adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*. Statement No. 61 is an amendment to Statement No. 14 and Statement No. 39, modifying certain requirements for inclusion of component units in the financial reporting entity. In accordance with the standard, the College is now reporting Grand Rapids Community College Foundation as a discretely presented component unit; in the prior year, it was blended. Our opinion is not modified with respect to this matter.

The College also adopted new accounting guidance under GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements introduce and define 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. These standards also incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Grand Rapids Community College's basic financial statements. The other supplemental information, as 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.

To the Board of Trustees
Grand Rapids Community College

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2013 on our consideration of Grand Rapids 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 an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Grand Rapids Community College's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 21, 2013

The discussion and analysis of Grand Rapids Community College's (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2013, 2012, and 2011. Management has prepared the financial statements and the related note disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's administration.

Using this Report

These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities.* These financial statements are prepared under the accrual basis of accounting, whereby revenue and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Capital expenditures are recorded as assets on the statement of net position and depreciated over their estimated useful lives.

Activities are reported as either operating or nonoperating in accordance with GASB Statement No. 35. Charges for services are recorded as operating revenues. Essentially all other types of revenue, including state appropriations and property tax levies, are nonoperating. A public community college's reliance on state funding and local property taxes will result in reporting an operating deficit.

The Grand Rapids Community College Foundation (the "Foundation") is a private, nonprofit tax-exempt organization formed for the purpose of receiving funds for the sole benefit of the College. Based on the criteria set forth in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Foundation is considered a component unit of Grand Rapids Community College. Accordingly, the activity and financial position of the Foundation have been discretely presented within the College's accompanying financial statements.

This annual financial report complies with the above requirements and includes this management's discussion and analysis, the report of independent auditors, the financial statements, notes to financial statements, and additional information similar to commercial enterprises and private sector institutions.

Over time, increases or decreases in net position provide one indication of the financial health of an organization. To assess the overall health of the College, many other nonfinancial factors need to be considered such as trends in enrollment, condition of facilities, attention to workforce needs, success of students and graduates, and the strength of the faculty and staff.

The Statement of Net Position

One of the most important questions asked about the College's finances is, "Is Grand Rapids Community College as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of revenue, expenses, and changes in net position report information on the College as a whole and on its activities in a way that helps answer this question. When revenue and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenue and expenses may be thought of as the College's operating results.

The following are the major components of assets, liabilities, and net position (in thousands) for the College as of June 30:

Statement of Financial Position at June 30 (in thousands)

	2013	2012	2011
Assets			
Current assets	$ 41,927	$ 42,564	$ 34,748
Noncurrent assets:			
Capital assets - Net of depreciation	106,290	99,338	100,665
Other	37,940	7,156	15,461
Total assets	186,157	149,058	150,874
Liabilities			
Current liabilities	32,479	22,006	23,253
Noncurrent liabilities:			
Long-term debt	64,972	42,959	46,752
Accrued employee leave	2,005	1,408	1,126
Total liabilities	99,456	66,373	71,131
Net Position			
Net investment in capital assets	62,146	54,041	52,489
Unrestricted	24,555	28,644	27,254
Total net position	**$ 86,701**	**$ 82,685**	**$ 79,743**

Current assets are comprised primarily of cash and cash equivalents, which total $31.2 million and $35.9 million for 2013 and 2012, respectively. The fluctuation is due to year to year timing differences and is consistent with the increase in receivables (discussed below). These funds will be used primarily for operating purposes and, accordingly, are invested to provide greater liquidity. Receivables resulting from tuition and fees, student loans, and federal, state, and local grants and appropriations ($10.4 million and $6.5 million for 2013 and 2012, respectively) represent the majority of the remainder of current assets. Changes in these amounts are due largely to changes in enrollment levels as well as the timing of actual receipts from grantors and students relative to recognition of revenues or, in the case of grant programs, funds expended for allowable grant purposes. The 2013 receivable includes an additional appropriation from the state to offset a portion of the employer's MPSERS contribution rate attributable to unfunded liabilities (MPSERS Stabilization). The full amount of this appropriation will be remitted to the Office of Retirement Services (ORS), thus an equal amount has been included in current liabilities. Current and noncurrent prepaid expenses and other current assets totaled $0.3 million and $0.1 million for 2013 and 2012, respectively.

Noncurrent assets primarily represent investments with long-term maturity dates, College investments not needed to meet current cash flow obligations, and/or designated for future capital projects, as well as the College's investment in its capital assets, net of accumulated depreciation. The increase of $37.8 million between 2013 and 2012 is due to primarily to unspent proceeds from bonds issued specifically for facility improvements and renovations, as well as to additional college resources designated for capital projects, particularly deferred maintenance needs. Capital assets net of depreciation increased nearly $7 million as a result of projects completed during 2013 and significant construction in progress at June 30.

Current liabilities are comprised primarily of employee compensation and vendor payments, representing 59 percent and 51 percent of current liabilities for 2013 and 2012, respectively. This increase is due to payments due to contractors for ongoing renovation work, as well as accrual of the full construction contract retainages. Accrued salaries include the MPSERS Stabilization payment (discussed above), an increase in the sick leave accrual due to the use of a more conservative estimate, and timing differences in when retirement payments were remitted to the State. Bond, capital lease, and interest payments due in November and May of the subsequent fiscal year accounted for another 17 percent (2013) and 30 percent (2012) of current liabilities. Student tuition and fee revenue for the portion of the summer session occurring after June 30 of the applicable fiscal year represents the balance of current liabilities.

Other than future payments on bond debt and capital leases referenced above, long-term liabilities include accruals for employee leaves based on current contract parameters and retirement guidelines established by the State of Michigan that are not expected to be paid in the next year. Total long-term liabilities increased from $44.3 million to $67 million from 2012 to 2013, due to the issuance of $26.6 million in new bond debt in July 2012 and a capitalized gain on bond refunding and bond premium of $2.2 million. These increases were partially offset by the scheduled retirement of bond debt and capital lease obligations.

Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents the operating results of the College, as well as nonoperating revenue and expenses. Annual state appropriations and property tax collections, while budgeted for operational purposes, are considered nonoperating revenue according to accounting principles generally accepted in the United States of America.

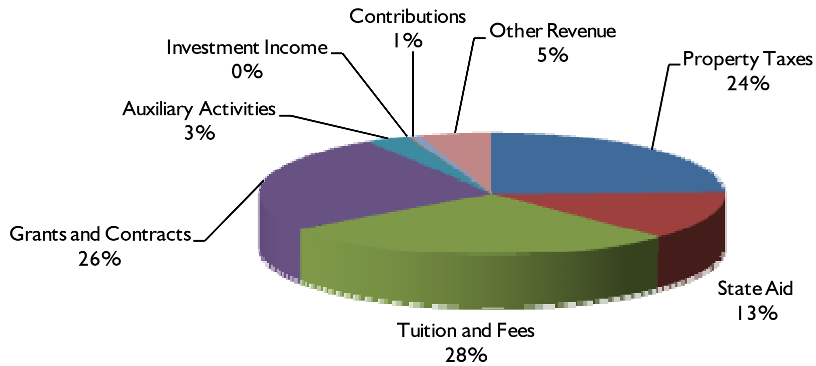
The following are the major components of the College's revenue and expenses (in thousands) for the years ended June 30:

Operating Results for the Years Ended June 30 (in thousands)

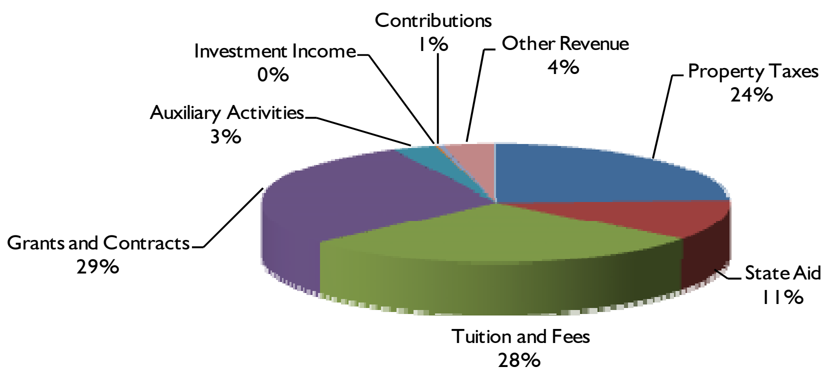
	2013	2012	2011
Operating Revenue			
Tuition and fees - Net	$ 40,691	$ 42,108	$ 41,179
Grants and contracts	8,407	11,882	12,587
Sales and services of auxiliary activities	4,413	4,578	4,745
Other sources	4,336	4,026	4,248
Total operating revenue	57,847	62,594	62,759
Operating Expenses			
Instruction	55,904	56,871	57,735
Public service	6,605	10,191	10,074
Instructional support	14,118	13,702	13,435
Student services	29,359	32,264	33,181
Institutional administration	13,674	13,532	13,249
Physical plant operations	12,555	12,894	13,462
Depreciation	5,694	5,325	5,368
Total operating expenses	137,909	144,779	146,504
Operating Loss	(80,062)	(82,185)	(83,745)
Nonoperating Revenue (Expenses)			
State appropriations	18,639	16,650	17,220
Property taxes	35,439	36,354	37,241
Federal Pell grant	28,899	32,110	33,860
Investment income	127	228	262
Interest expense on bonds	(3,041)	(2,191)	(2,352)
Contributions	1,118	626	305
Other income - Net of other revenue	2,897	1,351	2,437
Net nonoperating revenue	84,078	85,128	88,973
Increase in Net Position	4,016	2,943	5,228
Net Position - Beginning of year	82,685	79,742	74,514
Net Position - End of year	**$ 86,701**	**$ 82,685**	**$ 79,742**

College revenue is derived from four primary sources: property taxes, student tuition and fees, grants and contracts, and state appropriations. The following graphs show the percentage of revenue from the component sources for the years ended June 30, 2013 and 2012:

Revenue Sources - 2013



Revenue Sources - 2012



Property tax revenues (24 percent of revenue for 2013 and 2012) reflect changes in taxable values in the Kent Intermediate School District (the tax base for the College). The College is authorized to levy 1.9 mills, which the board of trustees has allocated to support operating expenditures (1.5 mills) and capital expenditures and debt retirement (.4 mills). However, the cumulative impact of the Headlee rollback has reduced the effective levy to 1.7865 mills for the fiscal years ended June 30, 2013 and 2012.

Student tuition and fees (28 percent of revenue for 2013 and 2012) are driven by enrollment and board-approved tuition and fee adjustments. With continued flat property tax revenues, the College found it necessary to continue annual tuition increases in both 2013 and 2012, thus placing an ever-increasing share of the responsibility for funding the institution on students. Billing units in 2013 declined by approximately 15,000, or 3.6 percent from the previous year. We believe this is largely due to the improving economy and greater employment opportunities for students, as well as to generally smaller high school graduating classes. Net student tuition and fees reflects a scholarship allowance of approximately $15.9 million and $16.3 million for 2013 and 2012, respectively. This offset to tuition reflects funds the College receives, primarily through federal and state grants, which are applied to student tuition bills and are shown in the financial statements as federal and state grant revenue. The decrease in the allowance between 2013 and 2012 is due to the lower enrollment level.

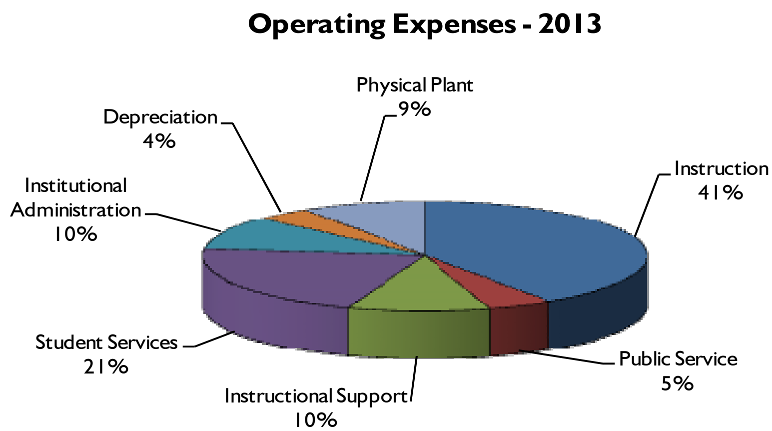
Grants and contracts (26 percent and 29 percent of revenue for 2013 and 2012, respectively) are primarily federal and state funding for financial aid programs. In addition, the College receives federal and state funding for economic job development grant programs, employment services, and training to work programs, among others.

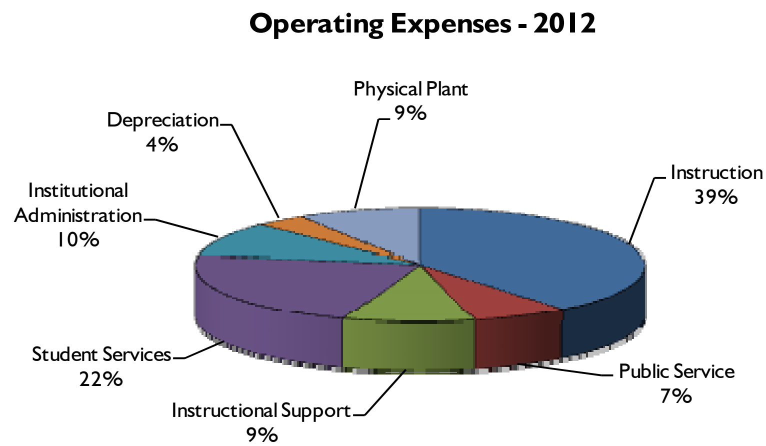
State appropriations (13 percent and 11 percent of revenue in 2013 and 2012, respectively) increased due to an approximate 2.4 percent increase in the College's operating appropriation, as well as additional appropriations specifically to offset increased MPSERS retirement costs.

The remainder of the College's revenue is derived from the following sources:

- Auxiliary activities, which include the College's parking ramps, food service, bookstore, media services, and printing operations. The day-to-day operations of the parking ramps, bookstore, and food service are managed by external providers through a variety of rental and management agreements.
- Seminars and workshops. Customized training programs for business and industry are offered through the College's training solutions/job training unit.
- Rental of College facilities
- Contributions, primarily from the Foundation, fund scholarships, facility improvements, and faculty/staff professional development
- Interest and investment income. Interest income increased in 2013 due to the investment of bond proceeds. However, this increase was offset by an unrealized loss, due to rising long-term interest rates, on longer-term bonds (primarily federal agencies) in both the bond and operating portfolios. However, since the intent is to hold these investments until maturity, it is unlikely that any of the losses will be realized.

Operating expenses are reported using functional classifications. For the years ended June 30, 2013 and 2012, the following shows the breakdown of operating expenses:





The College expends the largest percentage (41 percent and 39 percent in 2013 and 2012, respectively) of its available operating dollars on instruction. Expenditures for instruction include all costs required to provide direct instruction in the classroom such as faculty salaries and fringe benefits, classroom supplies, printing supplies, and instructional equipment. Contractual compensation adjustments, fringe benefit cost increases, and equipment and technology upgrades, as well as the number of class sections delivered, all impact instructional costs. Because this expense category consists primarily of salaries, wages, and fringe benefits, it can be the most sensitive to year to year fluctuations in these costs.

Student services expenditures (21 percent and 22 percent in 2013 and 2012, respectively) include support services for students such as counseling, academic advising, financial aid, registrar's, and job placement. Also included are other ancillary costs associated with operating a comprehensive community college such as athletics, student clubs and organizations, and auxiliary activities.

Instructional support (10 percent and 9 percent in 2013 and 2012, respectively) includes the costs of the academic support structure for the delivery of instruction. Expenditures in this area include the provost and deans, departmental support, instructional technology support, and the library operations.

Institutional administration (10 percent in 2013 and 2012) includes expenditures for the president's office, research and planning, and financial and business services functions.

Physical plant operations (9 percent in 2013 and 2012) and depreciation (4 percent in 2013 and 2012) reflect the cost of operating and maintaining the College's physical environment and the safety of students, staff, and visitors to the campus.

Public service expenditures (5 percent and 7 percent in 2013 and 2012, respectively) include activities that make available to the public unique resources for the specific purpose of responding to a community need or solving a community problem. The percentage decrease in this category is primarily due to the completion of the multi-year Pathways out of Poverty and Early Reading First grants, and less training activity for contracts under the Michigan New Jobs Training Program in 2013.

Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows may also help users assess:

- An entity's ability to generate future net cash flows
- Its ability to meet its obligations as they come due
- Its need for external financing

The College's liquidity increased during the year. Highlights from the College's cash flows for the years ended June 30, 2013 and 2012 include:

- Cash used in operating activities totaled $69.9 million ($76.2 million in 2012) with the most significant use of cash flow being in the form of payments related to employee compensation and fringe benefits of $94.3 million ($96.5 million in 2012). The decrease reflects lower enrollment, the full-year impact of significantly increased employee cost sharing for health insurance as well timing differences in remittance of retirement payments to the State. Payments to vendors ($17.4 million in 2013 and $21.4 million in 2012) and for building utilities ($2.5 million in 2013 and $3.2 million in 2012) also represent use of cash for operations. These operating uses of cash, including payments to students for scholarships and grants of $29.7 million and $33.6 million in 2013 and 2012, respectively, were offset by cash provided by operations from tuition and fees collected of $58.4 million in 2013 and $58.2 million in 2012, federal, state, and local grants and contracts collected of $6.8 million ($11.7 million in 2012), auxiliary sales of $4.4 million in 2013 compared to $4.6 million in 2012, and other cash collections of $4.3 million ($4.0 million in 2012) primarily from rentals, seminars, and workshops.

- Noncapital financing activities provided $82.6 million ($85.2 million in 2012) in cash flow for the College, the most significant sources being local property taxes collected of $35.4 million ($36.3 million in 2012), federal Pell grants for students of $28.9 million ($32.1 million in 2012), and state appropriations of $17.1 million ($16.8 million in 2012). Gifts and contributions account for the remainder of cash provided by noncapital financing activities.

- The College generated approximately $10.4 million of cash from capital and related financing activities in 2013, as opposed to using $17.9 million in 2012. The issuance of bonds for facility renovations and refunding purposes provided a net $28.5 million in cash. Acquisition of capital assets used $8.9 million, while principal paid on debt and capital leases ($6.1 million) and interest paid on debt and capital leases ($3.0 million) accounted for the remainder of the use of cash from capital and related financing activities in 2013.

- Investing activities used $8.8 million of cash in 2013 (compared to providing $4.1 million in 2012). Generally, this variation reflects investing activity in the College's operating and bond portfolios to match maturities with payroll dates, student refund periods, debt payments, construction schedules, and other cash needs. Interest on investments provided $0.4 million in cash in 2013, up from $0.2 million in 2012, reflecting the investment of bond issue proceeds.

Capital Assets and Debt Administration

At June 30, 2013 and 2012, the College had $106.3 and $99.3 million invested in capital assets, net of accumulated depreciation of approximately $84.0 and $80.3 million, respectively. Depreciation charges increased slightly from $5.3 million in 2012 to $5.7 million in 2013, reflecting depreciation against additional assets placed in service in 2013.

During 2013, capital asset additions totaled $13.4 million. Included in this total is $8.7 million in construction in progress on various major renovation projects funded with the July 2012 facilities bonds. Included in the remaining $4.7 million are various purchases of instructional equipment and furniture, library resources, vehicle replacements, and technology expenditures totaling $2.8 million. Capitalized building projects of $1.9 million include the completion of a laboratory for Ferris and a demonstration kitchen for the Secchia Institute in the Applied Technology Center (ATC), electrical upgrades to the Ford Fieldhouse, upgrades to the chiller plant, and improvements in the student center.

Capital expenditures in 2014 will see a continuation of work on the bond funded projects and over $10 million in work budgeted in the College's plant fund. The majority ($8.8 million) of the latter will consist of major renovations to Cook Academic Hall. The College will augment $5 million in state capital outlay monies with funding from private donations (raised through the Foundation), grant funds, and internal college resources. Other projects will include ongoing deferred maintenance, campus safety and security enhancements, and equipment and technology replacements and upgrades.

During 2012, capital asset additions totaled $5.9 million. Major building projects of $3.1 million included completion of renovations to Warren Hall ($2.7 million) and the relocation of the IT department to renovated space in Sneden Hall ($0.4 million). At June 30, 2012, construction in progress totaled $0.6 million and was related primarily to the work in the ATC for a new laboratory and demonstration kitchen.

At June 30, 2013, the College had $74.5 million in debt outstanding versus $50.6 million the previous year. The increase in principal is attributed to the issuance, in July 2012, of $26,645,000 in bonds for facility renovation purposes. This increase was partially offset by scheduled debt payments made in May 2013. As an objective indication of its financial stability, the College's debt is rated AA (Standard & Poor's) and Aa2 (Moody's). The Standard & Poor's rating was reaffirmed in fiscal year 2013 in connection with the new issue. Finally, in March 2013, the College issued approximately $4.8 million in refunding bonds to refund debt originally issued in 2003. This refunding, given current interest rates, will save approximately $900,000 in debt service costs over the next 10 years. Annual bond payment obligations are met by the .4 mill property tax allocation authorized by the board of trustees.

Economic Factors Affecting the Future

The economic position of the College continues to be tied to that of the State. As noted earlier, State funding accounted for only 13 percent of revenues in 2013. This compares to 20 percent in the mid 1990s. In fact, our 2012-2013 appropriation approximated that of 1996-1997, without adjusting for inflation. However, the governor and legislature recognize the important role community colleges play in preparing the State's workforce for the jobs of the future and have endeavored to support our efforts to the extent fiscally possible. We are very encouraged by a 2 percent increase in operational funding for 2014, the second consecutive annual increase. However, difficult choices remain as the State continues to retool its spending over the next few years. Economic recovery at the national level continues to be sluggish. How community colleges will fare over the long term remains to be seen.

The fortunes of the local economy will also impact the College in the future. Property tax revenue, the College's largest source of operating funds, is dependent on home sales, assessed values, new construction, and commercial development. In 2013, property tax revenues declined 2.5 percent. With the improving home sales, we believe the decline will level off in 2014 and accordingly have budgeted for "flat" property tax revenue. However, we do not anticipate sustained increases until at least 2016 or 2017. This will be an important consideration in long-term budget and capital planning decisions over the next several years.

In light of these challenges, the board of trustees and administration continue to work with diligently with College faculty and staff to strategically determine budget solutions. The long-term financial sustainability of the College is paramount. Solutions already implemented or in progress include a combination of tuition/fee and other revenue increases, expense reductions, increased operational support from auxiliary and plant fund activities, external fundraising efforts, "merit-based" compensation systems for all employees, increased employee participation in fringe benefit costs, and a comprehensive review of all college departments focused on budget sustainability and alignment with the College's mission. Enrollment levels, which have declined for the second year in a row, will bear close watching as we develop our budget for fiscal year 2015 and beyond.

As noted earlier, the College has embarked on a multi-year effort to address its significant backlog of deferred maintenance and renovation needs. We desire to not only keep our students and staff "warm, safe, and dry," but to also provide them with state-of-the-art learning environments and technology resources. The $26.6 million in facilities bonds issued in July 2012 will, over a three-year period, fund significant renovations and improvements to nearly every building on the main campus. In 2013, over $5 million in improvements was completed at College Park Plaza and its parking structure. Significant work has also been completed this summer in the main building and Cook Academic Hall. Feedback from faculty and students returning to campus this fall has been very positive. When completed, the investment in those two facilities will total over $24 million. For Cook, we were able to leverage $5 million in state capital outlay funds with over $6 million in private funding provided through the GRCC Foundation's successful "GRCC Works…Ask Anyone" capital campaign, as well as nearly $2.5 million in College Plant Fund resources.

As Grand Rapids Community College approaches its 100th anniversary, college administration and its board of trustees are of the opinion that, in spite of some critical challenges, the College is positioned to meet the needs of its students and the community during the current year and has established a financial foundation to carry the College into the future. The College remains committed to the ideals of "open door" access and "student success." With a dedicated staff, board of trustees, and the support of the community, Grand Rapids Community College will continue to strive to be "distinctive" in all that it does in 2014 and beyond.

Statement of Net Position

	June 30	
	2013	2012
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 31,224,347	$ 35,930,761
Accounts receivable - Net (Note 5)	10,429,049	6,515,231
Prepaid expenses and other current assets	273,780	118,088
Total current assets	41,927,176	42,564,080
Noncurrent assets:		
Investments designated for capital projects	20,614,252	1,628,329
Accounts receivable - Net (Note 5)	732,289	1,366,287
Long-term investments (Note 3)	16,273,180	3,716,090
Prepaid bond issuance costs	-	324,258
Unamortized bond discount	320,523	105,516
Prepaid expenses	-	15,568
Capital assets - Net (Note 6)	106,290,045	99,337,787
Total noncurrent assets	144,230,289	106,493,835
Total assets	186,157,465	149,057,915
Liabilities		
Current liabilities:		
Accounts payable	8,395,290	2,594,045
Accrued salaries and related amounts	10,736,778	8,630,043
Unearned revenue	4,997,073	3,838,665
Interest payable	499,349	374,306
Long-term obligations - Current (Note 7)	7,491,720	6,270,231
Deposits held in custody for others	359,087	298,886
Total current liabilities	32,479,297	22,006,176
Noncurrent liabilities - Long-term obligations - Net of current portion (Note 7)	66,977,298	44,366,445
Total liabilities	99,456,595	66,372,621
Net Position		
Net investment in capital assets	62,146,119	54,041,567
Restricted for student loan programs	-	51,048
Unrestricted	24,554,751	28,592,679
Total net position	**$ 86,700,870**	**$ 82,685,294**

The Accompanying Notes to Financial Statements are an Integral Part of These Statements.

Grand Rapids Community College

Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2013	2012
Operating Revenue		
Tuition and fees - Net of scholarship allowance of $16,383,498 and $15,916,703 for 2013 and 2012, respectively	$ 40,691,204	$ 42,108,294
Federal grants and contracts	6,105,781	8,964,822
State grants and contracts	1,929,100	2,309,030
Private gifts, grants, and contracts	372,250	607,976
Sales and services of auxiliary activities	4,412,709	4,578,070
Seminars, workshops, and other revenue	4,336,312	4,025,700
Total operating revenue	57,847,356	62,593,892
Operating Expenses		
Instruction	55,903,867	56,871,410
Public service	6,605,393	10,190,603
Instructional support	14,118,149	13,701,852
Student services	29,359,422	32,263,973
Institutional administration	13,673,634	13,532,340
Physical plant operations	12,554,914	12,893,774
Depreciation	5,693,906	5,324,891
Total operating expenses	137,909,285	144,778,843
Operating Loss	(80,061,929)	(82,184,951)
Nonoperating Revenue (Expenses)		
State appropriations	18,639,437	16,649,701
Property taxes	35,438,955	36,354,154
Pell revenue	28,898,519	32,110,371
Interest income	431,437	228,077
Interest expense on bonds	(3,041,237)	(2,191,360)
Unrealized loss on investments	(304,322)	-
Contributions	1,118,184	626,263
Other revenue	2,896,532	1,351,098
Net nonoperating revenue	84,077,505	85,128,304
Increase in Net Position	4,015,576	2,943,353
Net Position - Beginning of year	82,685,294	79,741,941
Net Position - End of year	**$ 86,700,870**	**$ 82,685,294**

Statement of Cash Flows

	Year Ended June 30	
	2013	2012
Cash Flows from Operating Activities		
Tuition and fees	$ 58,402,161	$ 58,188,335
Grants and contracts	6,759,836	11,705,172
Payments to suppliers	(17,357,166)	(21,414,622)
Payments for utilities	(2,502,484)	(3,219,814)
Payments to employees	(66,502,934)	(67,599,062)
Payments for benefits	(27,770,709)	(28,953,175)
Payments for scholarships and grants	(29,703,863)	(33,558,387)
Auxiliary enterprise charges - Net	4,412,709	4,578,070
Other	4,336,312	4,025,700
Net cash used in operating activities	(69,926,138)	(76,247,783)
Cash Flows from Noncapital Financing Activities		
Local property taxes	35,438,955	36,354,154
Noncapital contributions	1,118,184	-
Federal direct lending receipts	39,563,829	41,932,080
Federal direct lending disbursements	(39,563,829)	(41,932,080)
Federal Pell grant	28,898,520	32,110,371
State appropriations	17,138,963	16,778,755
Net cash provided by noncapital financing activities	82,594,622	85,243,280
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(8,882,759)	(5,939,608)
Proceeds from issuance of debt	33,528,250	4,365,000
Deposit with trustee for refunding	(5,031,785)	(4,365,000)
Principal paid on capital debt	(6,127,254)	(9,721,406)
Interest paid on capital debt	(3,041,237)	(2,191,360)
Net cash provided by (used in) capital and related financing activities	10,445,215	(17,852,374)
Cash Flows from Investing Activities		
Proceeds from sales and maturities of investments	189,672,368	165,028,636
Purchase of investments	(198,937,995)	(161,181,464)
Interest on investments	431,437	228,077
Net cash (used in) provided by investing activities	(8,834,190)	4,075,249
Net Increase (Decrease) in Cash and Cash Equivalents	14,279,509	(4,781,628)
Cash and Cash Equivalents - Beginning of year	37,559,090	42,340,718
Cash and Cash Equivalents - End of year	**$ 51,838,599**	**$ 37,559,090**

The Accompanying Notes to Financial Statements
are an Integral Part of These Statements.

	Year Ended June 30	
	2013	2012
Statement of Net Position Classification of Cash and Cash Equivalents		
Cash and cash equivalents (Note 3)	$ 31,224,347	$ 35,930,761
Investments designated for capital projects (Note 3)	20,614,252	1,628,329
Total cash and cash equivalents	**$ 51,838,599**	**$ 37,559,090**
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (80,061,929)	$ (82,184,951)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	5,693,906	5,332,981
Change in assets and liabilities:		
Accounts receivable	(1,779,346)	1,614,220
Other assets	(39,615)	14,047
Accounts payable and accrued liabilities	4,917,194	(1,553,222)
Deferred revenue	1,158,408	496,084
Deposits held in custody for others	60,201	59,050
Interest payable	125,043	(25,992)
Net cash used in operating activities	**$ (69,926,138)**	**$ (76,247,783)**

There were no noncash activities during 2013 or 2012.

Discretely Presented Component Unit
Grand Rapids Community College Foundation

BALANCE SHEET

	June 30	
	2013	2012
Assets		
Cash and cash equivalents	$ 6,918,321	$ 5,643,429
Accounts receivable - Net	20,449	20,449
Contribution receivable (Note 4)	3,573,213	2,441,669
Other current assets	68,515	62,642
Long-term investments	22,461,571	20,153,354
Contribution receivable - Long-term portion - Net (Note 4)	862,566	1,868,924
Capital assets - Net	287,290	298,621
Total assets	**$ 34,191,925**	**$ 30,489,088**
Liabilities and Net Assets		
Scholarships payable and related amounts	$ 541,324	$ 469,051
Total liabilities	541,324	469,051
Unrestricted	2,225,882	502,761
Temporarily restricted	24,927,741	23,526,783
Permanently restricted	6,496,978	5,990,493
Total net assets	33,650,601	30,020,037
Total liabilities and net assets	**$ 34,191,925**	**$ 30,489,088**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30	
	2013	2012
Revenues		
Investment income	$ 1,852,650	$ 665,461
Unrealized gain (loss) on investments	835,021	(272,341)
Contributions	3,278,335	415,091
Other revenue	5,000	5,000
Total revenue	5,971,006	813,211
Expenses		
Scholarships and grants expense	1,620,809	952,828
Institutional administration	708,302	715,512
Physical plant operations	11,331	11,776
Total expenditures	2,340,442	1,680,116
Change in Net Assets	3,630,564	(866,905)
Net Assets - Beginning of year	30,020,037	30,886,942
Net Assets - End of year	**$ 33,650,601**	**$ 30,020,037**

Note 1 - Industry Information and Significant Accounting Policies

Reporting Entity - Grand Rapids Community College (the "College") is a Michigan community college whose financial statements have been prepared in accordance with generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35 and the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*.

The College reports as a business-type activity, as defined by 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 or services.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the financial statements of Grand Rapids Community College Foundation have been discretely presented in the Grand Rapids Community College financial statements.

The Grand Rapids Community College Foundation, a not-for-profit corporation, was formed to solicit, collect, and invest donations made for the promotion of educational activities and capital campaigns at the College. Separate financial statements of the Foundation may be obtained by contacting Grand Rapids Community College, 143 Bostwick Avenue, NE, Grand Rapids, Michigan 49503.

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

Basis of Presentation - Effective July 1, 2012, the College also implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements introduce and define those elements as a consumption of net assets by the College that is applicable to a future reporting period and an acquisition of net asset by the College that is applicable to a future reporting period, respectively. The standards also incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. As a result of adopting GASB No. 65, the College wrote off approximately $376,000 of previously capitalized bond issuance costs.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Effective July 1, 2012, the College also implemented the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus*. Statement No. 61 is an amendment to Statement No. 14 and Statement No. 39, modifying certain requirements for inclusion of component units in the financial reporting entity which results in the College changing its method for reporting the Foundation, a component unit under GASB No. 61. Previously, the Foundation was blended in the College's financial statements. Beginning the year ended June 30, 2013, the College is required to discretely present the Foundation, because the resources held by the Foundation are for the direct benefit of the College, the College has the ability to access a majority of the resources held by the Foundation, and the resources held by the Foundation are significant to the College. As a result, the College's net position as of July 1, 2011 has been decreased by $30,886,942.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The Internal Revenue Service has determined that the Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded.

Accrual Basis - The financial statements of Grand Rapids Community College have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met.

Internal Service Activities - Both revenue and expense related to internal service activities, including print shops, office equipment, maintenance, telecommunications, and institutional computing, have been eliminated.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Revenue Recognition - The College generally follows the revenue recognition methods set forth in the *Manual for Uniform Financial Reporting - Michigan Public Community Colleges, 2001*. Property taxes are recorded as revenue in the year taxes are levied. Under this method, revenue for fiscal year 2013 includes property taxes that were levied on July 1, 2012 and generally collected before September 30, 2012, and revenue for fiscal year 2012 includes property taxes that were levied on July 1, 2011 and generally collected before September 30, 2011. State appropriations are recorded as revenue in the period for which they are appropriated. Reductions to State appropriations are recorded in the College's fiscal year in which the changes are approved by the State legislature.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash and cash equivalents consist of all highly liquid investments, including certificates of deposit, with an initial maturity of 12 months or less.

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

Accounts Receivable - Accounts receivable resulting from government and State grants, State appropriations, and student tuition consist of operating revenue recognized, but not received, as of June 30, 2013 and 2012. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal student payment periods. In addition, a general valuation allowance is established for other student accounts receivable based on historical loss experience.

Bond Discount and Premium - Bond discount or premium relates to the value of the bonds issued by the College at the issuance date. The premium or discount on issuance is amortized on a straight-line basis over the life of the related outstanding bond issue.

Note 1 - Industry Information and Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment are recorded at cost. Gifts of property are recorded at fair market value at the time gifts are received. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method. No depreciation is recorded on land. Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. The following estimated useful lives are used to compute depreciation:

Buildings	40 years
Land improvements and infrastructure	20 years
Equipment	5-15 years

Unearned Revenue - Revenue received prior to year end that relates to the next fiscal period is recorded as unearned revenue. Unearned revenue relates primarily to summer-term tuition received prior to June 30. The remaining amount included in unearned revenue relates to grant and award monies received in excess of costs incurred as of the year end for College programs financed by government agencies and other organizations.

Net Position - Net position is classified according to external donor retrictions or availability of assets for satisfaction of College obligations. Restricted net position represents amounts over which third parties have imposed restrictions that cannot be changed by the board, including amounts that the board has agreed to set aside under contractual agreements with third parties. Generally, the College first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Operating Revenue and Expenses - Revenue and expense transactions are normally classified as operating revenue and expenses when such transactions are generated by the College's principal ongoing operations. However, most revenue that is considered to be nonexchange, such as tax revenue, federal Pell grant revenue, and state appropriations, is considered nonoperating revenue.

Federal Financial Assistance Programs - The College participates in federally funded Pell grants, SEOG grants, Federal Work Study, and federal direct lending programs. Federal programs are audited in accordance with the Single Audit Act amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133, *Audit of States, Local Governments and Non-Profit Organizations*, and the compliance supplement.

During the years ended June 30, 2013 and 2012, the College distributed $39,563,829 and $41,932,080, respectively, for direct lending through the U.S. Department of Education, which is not included as revenue and expenditures on the accompanying financial statements.

Note 2 - Property Taxes

Property tax revenue is recognized in the year for which taxes have been levied.

Property taxes are levied on July 1 and December 1 based on taxable values as of the preceding December 31. The taxes, which are collected and remitted to the College by townships and cities within the College district boundaries, are collected through February 28. Uncollected real property taxes of the College are turned over to the counties in which the district is located for subsequent collection. The College is subsequently paid 100 percent of delinquent real property taxes through the counties' tax revolving funds. These payments are usually received within three to five months after the delinquency date.

During the years ended June 30, 2013 and 2012, $1.7865 of tax per $1,000 of taxable property value in the College's taxing district was levied for general operating purposes on all property. Total operating property tax revenue was $35,438,955 and $36,354,154 for the years ended June 30, 2013 and 2012, respectively.

Note 3 - Cash and Investments

The College considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents. The College's deposits and investments are included on the statement of net position under the following classifications at June 30, 2013 and 2012:

	2013	2012
Cash and cash equivalents	$ 31,224,347	$ 35,930,761
Investments designated for capital projects	20,614,252	1,628,329
Long-term investments	16,273,180	3,716,090
Total cash and investments	$ 68,111,779	$ 41,275,180

Investments - The investment policy of the Foundation, as established by the Foundation's board of directors, authorizes investments in a diversified portfolio of stocks and bonds based on the following asset allocation ranges:

Investment Type	Range	Benchmark
Stocks	55% - 65%	60%
Fixed income	30% - 50%	35%
Cash	0% - 15%	5%

Note 3 - 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. The College does invest in accordance with state law.

The Foundation invests in mutual funds with the long-term objective to preserve principal, provide appreciation, and maintain adequate liquidity. Due to the long-term nature of the investments, the Foundation does not limit investment maturities. The Foundation is also not limited to the investing restrictions imposed on the College by state law.

As of June 30, 2013, the College had the following investments and maturities:

	S&P Quality Rating	Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Cash and money market accounts	N/A	$ 12,031,257	$ 12,031,257	$ -	$ -
Certificates of deposit	N/A	20,250,000	20,000,000	250,000	-
Commercial paper	A-1+	10,973,352	10,973,352	-	-
U.S. agency securities	AGY	24,857,170	8,833,990	12,135,985	3,887,195
Total		$ 68,111,779	$ 51,838,599	$ 12,385,985	$ 3,887,194

As of June 30, 2012, the College had the following investments and maturities:

	S&P Quality Rating	Fair Market Value	Less Than One Year	1-3 Years	More Than 3 Years
Cash and money market accounts	N/A	$ 18,238,680	$ 18,238,680	$ -	$ -
Certificates of deposit	N/A	17,500,785	17,500,785	-	-
U.S. Treasury securities	TSY	5,535,715	-	2,500,000	3,035,715
Total		$ 41,275,180	$ 35,739,465	$ 2,500,000	$ 3,035,715

Credit Risk - According to state law, the College must limit investments in commercial paper to corporations rated prime by at least one of the standard rating services. The Foundation invests in mutual funds with a long-term growth objective.

The nationally recognized statistical rating organization (NRSRO) utilized is primarily Moody's Investors Service.

Note 3 - Cash and Investments (Continued)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be available or returned. The College does not have a deposit policy for custodial credit risk. At June 30, 2013 and 2012, the carrying amount of the College's deposits was $18,265,139 and $26,787,845, respectively. Of that amount, $12,000,000 and $18,004,126, respectively, was insured by the Federal Deposit Insurance Corporation. The remaining $6,265,139 and $8,783,719 at June 30, 2013 and 2012, respectively, was uninsured and uncollateralized. The College does not require deposits to be insured or collateralized. It is precluded by state law from collateralizing its deposits.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College's investment policy does not address custodial credit risk. All of the investments are, however, in the name of the College, and the investments are held in trust accounts with each financial institution from which they were purchased.

Concentration of Credit Risk - The College's investment policy limits investments in any one institution to an upper limit of 5 percent of the net worth of that institution. Also, commercial paper investments are limited to no more than $5,000,000 in any single issuer. The College's investment policy does not limit investments in U.S. agencies or treasuries. The Foundation's investment policy limits investments in any single equity security to no more than 5 percent of the market value of all equity securities.

More than 5 percent of the College's investments at June 30 were invested as follows:

Issuer	2013	2012
Flagstar	15%	28%
JPMorgan Chase	11%	44%
Federal Home Loan Bank	12%	5%
Federal Home Loan Mortgage Corporation	10%	- %
Federal National Mortgage Association	14%	2%
Michigan Liquid Asset Fund	7%	- %

Note 3 - Cash and Investments (Continued)

Investments at Grand Rapids Community College Foundation are as follows:

	June 30, 2013		June 30, 2012	
	Cost	Fair Value	Cost	Fair Value
Bonds	$ 6,991,674	$ 7,068,101	$ 6,908,023	$ 7,278,750
Common stock	11,085,527	15,393,470	9,695,982	12,874,604
Total	$ 18,077,201	$ 22,461,571	$ 16,604,005	$ 20,153,354

Net gains from security transactions for the years ended June 30, 2013 and 2012 are as follows:

	2013	2012
Unrealized appreciation (depreciation)	$ 835,021	$ (272,341)
Realized gains	1,461,043	272,644
Total	$ 2,296,064	$ 303

Total investment gains and losses on the statement of activities for the Grand Rapids Community College Foundation are comprised of interest and dividend income of $391,607 at June 30, 2013 and $392,817 at June 30, 2012 and net realized gains of $1,461,043 at June 30, 2013 and $272,644 at June 30, 2012.

Note 4 - Foundation Contributions Receivable

Foundation contributions receivable consist of unconditional promises to give. The present value of contributions receivable is calculated using a discount rate of 1 percent and is expected to be collected as follows:

	2013	2012
2013	$ -	$ 2,441,669
2014	3,573,213	814,608
2015	674,048	782,255
2016	226,260	492,646
2017	21,039	75,387
2018 and thereafter	20,496	-
Total	4,515,056	4,606,565
Less present value discount and reserve for uncollectible pledges	(79,277)	(295,972)
Net present value	$ 4,435,779	$ 4,310,593

Note 5 - Accounts Receivable

Accounts receivable consist of the following:

	2013	2012
Tuition and other	$ 4,472,176	$ 4,303,125
Grants and contracts	3,226,870	1,579,575
State appropriations - Operating	4,502,292	3,001,818
Total accounts receivable	12,201,338	8,884,518
Less allowance for uncollectibles	(1,040,000)	(1,003,000)
Net accounts receivable	$ 11,161,338	$ 7,881,518

The College values accounts receivable at gross realizable value. All amounts deemed to be uncollectible are charged directly against income in the period that determination is made.

Note 6 - Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Land and improvements	$ 7,107,164	$ -	$ -	$ 7,107,164
Building and building improvements	145,302,267	1,924,961	-	147,227,228
Furniture, fixtures, and equipment	26,592,298	2,803,855	(2,177,049)	27,219,104
Subtotal - Depreciable assets	179,001,729	4,728,816	(2,177,049)	181,553,496
Construction in progress	607,849	8,721,021	(607,849)	8,721,021
Total	179,609,578	13,449,837	(2,784,898)	190,274,517
Less accumulated depreciation:				
Building and building improvements	(63,753,978)	(3,370,022)	-	(67,124,000)
Furniture, fixtures, and equipment	(16,517,813)	(2,323,884)	1,981,225	(16,860,472)
Total accumulated depreciation	(80,271,791)	$ (5,693,906)	$ 1,981,225	(83,984,472)
Capital assets - Net	$ 99,337,787			$ 106,290,045

Note 6 - Capital Assets (Continued)

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Transfers/ Disposals	Ending Balance
Land and improvements	$ 7,107,164	$ -	$ -	$ 7,107,164
Building and building improvements	142,227,306	3,074,961	-	145,302,267
Furniture, fixtures, and equipment	24,558,976	2,256,799	(223,477)	26,592,298
Subtotal - Depreciable assets	173,893,446	5,331,760	(223,477)	179,001,729
Construction in progress	1,915,883	607,849	(1,915,883)	607,849
Total	175,809,329	5,939,609	(2,139,360)	179,609,578
Less accumulated depreciation:				
Building and building improvements	(60,429,194)	(3,324,784)	-	(63,753,978)
Furniture, fixtures, and equipment	(14,715,319)	(2,008,197)	205,703	(16,517,813)
Total accumulated depreciation	(75,144,513)	$ (5,332,981)	$ 205,703	(80,271,791)
Capital assets - Net	$ 100,664,816			$ 99,337,787

At June 30, 2013, there was approximately $15.5 million in construction commitments outstanding in connection with ongoing capital projects.

Note 7 - Long-term Obligations

Long-term obligation activity during the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Serial bonds, 2013 series	$ -	$ 4,830,000	$ -	$ 4,830,000	$ 575,000
Serial bonds, 2012 series (Facilities)	-	26,645,000	905,000	25,740,000	905,000
Serial bonds, 2012 series	4,365,000	-	-	4,365,000	430,000
Serial bonds, 2009 series	11,025,000	-	325,000	10,700,000	350,000
Serial bonds, 2008 series	13,115,000	-	1,305,000	11,810,000	1,305,000
Serial bonds, 2006 series	10,635,000	-	1,560,000	9,075,000	1,655,000
Serial bonds, 2003 series	5,795,000	-	5,795,000	-	-
Leases Payable -					
Capital leases	659,841	179,741	253,811	585,771	266,739
Other Long-term Liabilities					
Unamortized bond premium	-	2,201,036	-	2,201,036	-
Accrued employee leave	3,378,632	776,294	-	4,154,926	2,004,981
Michigan job training grants	1,663,203	1,122,525	1,778,443	1,007,285	-
Total	$ 50,636,676	$ 35,754,596	$ 11,922,254	$ 74,469,018	$ 7,491,720

Note 7 - Long-term Obligations (Continued)

Long-term obligation activity during the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable					
Serial bonds, 2012 series	$ -	$ 4,365,000	$ -	$ 4,365,000	$ -
Serial bonds, 2009 series	11,350,000	-	325,000	11,025,000	325,000
Serial bonds, 2008 series	14,420,000	-	1,305,000	13,115,000	1,305,000
Serial bonds, 2006 series	12,125,000	-	1,490,000	10,635,000	1,560,000
Serial bonds, 2003 series	10,990,000	-	5,195,000	5,795,000	880,000
Leases Payable -					
Capital leases	771,260	129,030	240,449	659,841	229,029
Other Long-term Liabilities					
Accrued employee leave	3,245,865	2,026,509	1,893,742	3,378,632	1,971,202
Michigan job training grants	1,229,744	1,599,416	1,165,957	1,663,203	-
Total	$ 54,131,869	$ 8,119,955	$ 11,615,148	$ 50,636,676	$ 6,270,231

Series Bonds, 2013 - The College issued $4,830,000 in general obligation bonds (2013 Series Bonds) with an average interest rate of 2.16 percent. The 2013 Series Bonds were issued to refund $4,915,000 outstanding of 2003 Series Bonds with an average interest rate of 5.27 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2003 Series Bonds. As a result, the 2003 Series Bonds are considered to be defeased, and the liability for the bonds has been removed from the balance sheet. The advance refunding resulted in the recognition of an accounting gain of approximately $124,000 during 2013, and future debt service payments are reduced by the net present value of approximately $866,000. Defeased debt that remains on the 2003 Series Bonds was $4,915,000 at June 30, 2013. The principal and interest on the 2013 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates ranging from 0.4 percent to 3 percent and have remaining annual maturities ranging from $365,000 to $580,000.

Series Bonds, 2012 - The College issued $26,645,000 in general obligation limited tax bonds (2012 Series Bonds) with an average interest rate of 3.39 percent. The funds will be used for renovating, refurnishing, and re-equipping existing College facilities, acquiring and installing enhanced technology and technology infrastructure, and purchasing or expanding building and other facilities. The principal and interest on the 2012 Series Bonds are paid from a facilities maintenance fee assessed to students based on contact hour enrolled. The bonds bear interest at rates from 3 percent to 5 percent and have remaining annual maturities ranging from $905,000 to $1,910,000.

Note 7 - Long-term Obligations (Continued)

Series Bonds, 2012 Refunding - The College issued $4,365,000 in general obligation bonds (2012 Series Bonds) with an average interest rate of 3.79 percent. The 2012 Series Bonds were issued to refund $4,400,000 of the $10,195,000 outstanding of 2003 Series Bonds with an average interest rate of 4.81 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 2003 Series Bonds. As a result, the 2003 Series Bonds are considered to be partially defeased, and $4,400,000 in liability for the bonds has been removed from the balance sheet. Defeased debt that remains on the 2003 Series Bonds was $4,915,000 at June 30, 2013. The principal and interest on the 2012 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates ranging from 3.75 percent to 5.25 percent and have remaining annual maturities ranging from $245,000 to $880,000.

Series Bonds, 2009 - The College issued $12,000,000 in general obligation limited tax bonds (2009 Series Bonds) with an average interest rate of 3.9 percent. Of the 2009 Series Bonds, $9,500,000 was used to purchase various building and properties and the remainder was used for various renovations to this newly acquired property. The principal and interest on the 2009 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates from 2.6 percent to 6.5 percent and have remaining annual maturities ranging from $325,000 to $900,000.

Series Bonds, 2008 - The College issued $18,225,000 in general obligation bonds (2008 Series Bonds) with an average interest rate of 5.0 percent. The 2008 Series Bonds were issued to refund outstanding 1998 Series Bonds with an average interest rate of 4.81 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 1998 Series Bonds. As a result, the 1998 Series Bonds are considered to be defeased, the liability for the bonds has been removed from the balance sheet, and the transaction has been treated as a noncash financing activity in the statement of cash flows. The advance refunding resulted in the recognition of an accounting gain of approximately $252,000 during 2008, and future debt service payments are reduced by the net present value of approximately $1,099,693. Defeased debt that remains on the 1998 Series Bonds was $12,300,000 at June 30, 2013. The principal and interest on the 2008 Series Bonds are paid primarily from property tax levies. The bonds bear an interest rate of 5.0 percent and have remaining annual maturities ranging from $1,305,000 to $1,315,000.

Note 7 - Long-term Obligations (Continued)

Series Bonds, 2006 - The College issued $16,515,000 in general obligation bonds (2006 Series Bonds) with an average interest rate of 4.45 percent. The 2006 Series Bonds were issued to advance refund outstanding 1996 Series Bonds with an average interest rate of 5.35 percent and $2,455,000 was issued to advance refund a portion of the outstanding 1999 Series Bonds with an average interest rate of 5.0 percent. In conjunction with the issuance, the College established an irrevocable trust with an escrow agent to provide for future debt service payments on the 1996 and 1999 Series Bonds. As a result, the 1996 and a portion of the 1999 Series Bonds are considered to be defeased, and the liability for the bonds has been removed from the balance sheet. Defeased debt that remains on the 1996 and 1999 Series Bonds was $8,890,000 at June 30, 2013. The principal and interest on the 2006 Series Bonds are paid primarily from property tax levies. The bonds bear interest at rates from 4.0 percent to 5.0 percent and have remaining annual maturities ranging from $1,210,000 to $1,765,000.

Capital Leases - During 2013, 2012, 2011, and 2009, the College acquired copier and printer systems under various capital lease agreements. Payments of $294,693 are due annually. The systems are included in capital assets at a cost of $1,458,807 and have recorded accumulated depreciation of $561,150 as of June 30, 2013.

Total principal and interest maturities on the bonds payable as of June 30, 2013 are as follows:

Years Ending	Debt Obligations			Lease Obligations		
June 30	Principal	Interest	Total	Principal	Interest	Total
2014	$ 5,220,000	$ 3,200,642	$ 8,420,642	$ 266,739	$ 27,954	$ 294,693
2015	5,465,000	3,043,418	8,508,418	238,669	10,995	249,664
2016	5,025,000	2,849,238	7,874,238	60,533	822	61,355
2017	5,220,000	2,646,728	7,866,728	19,830	151	19,981
2018	5,460,000	2,433,884	7,893,884	-	-	-
2019-2023	20,285,000	8,261,785	28,546,785	-	-	-
2024 and thereafter	19,845,000	3,786,882	23,631,882	-	-	-
Total	$ 66,520,000	$ 26,222,577	$ 92,742,577	$ 585,771	$ 39,922	$ 625,693

Cash Paid for Interest - Cash paid for interest was approximately $3,041,000 and $2,191,300 for the years ended June 30, 2013 and 2012, respectively.

Note 7 - Long-term Obligations (Continued)

Michigan Job Training Grants - During 2010, the College became involved in the Michigan New Jobs Training Program. The Michigan New Jobs Training Program was created by State of Michigan Public Acts 359 and 360 of 2008 and provides the ability for community college districts to enter into agreements with employers to (1) provide education and training to workers in order to create new jobs and (2) to establish a funding mechanism to pay for the education and training. In connection with this program, the College has entered into agreements with various local employers for the purpose of establishing projects to educate and train certain persons employed in new jobs. The local employers prepay training costs to the College and the College subsequently issues noninterest-bearing revenue bonds payable to the employers equal to the prepayments. The employer remits state income tax withholdings for these new employees directly to the College. The College then remits these withholdings back to the employer on a quarterly basis to reimburse the company for the costs of training, thus reducing bonds payable. As of June 30, 2013, the College has outstanding bonds payable of $1,007,285.

Accrued Employee Leave - The College provides termination benefits upon departure from the College resulting from unused sick time and years of service and defined by each respective labor contract and administrative policy under the vesting method. Under the vesting method, the liability is accrued for employees based on the amount eligible and certain assumptions are used to determine probability of reaching the criteria required for eligibility. Included in the current portion of the accrual is earned but not used vacation and amounts to be provided to employees that will be retiring in the upcoming fiscal year.

Note 8 - Retirement Plans

Defined Benefit 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 that covers substantially all employees of the College. MPSERS provides retirement, survivor, and disability benefits to plan members and their beneficiaries.

The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for MPSERS. That report may be obtained by writing to MPSERS at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909-7671.

Note 8 - Retirement Plans (Continued)

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 rates for plan members ranged from 12.78 to 16.25 percent of covered payroll for the period from July 1, 2012 through June 30, 2013 based on the plan option selected. The plan options include Basic, Member Investment Plan (MIP), MIP Fixed, MIP Graded, MIP Plus, Pension Plus; beginning February 1, 2013, employees could transition to a defined contribution plan (DC) and could elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF) depending upon their date of hire and retirement plan election. Depending on the plan selected, plan member contributions range from 0 percent up to 6 percent of gross wages. Plan members electing into the DC plan are not required to make additional contributions. The College's required and actual pension contributions to the plan for the years ended June 30, 2013, 2012, and 2011 were $9,129,000, $7,683,000, and $6,006,000, respectively.

Postemployment 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 percent of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the 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 8.5 percent of covered payroll for the period from July 1, 2012 through September 30, 2012. For the period from October 1, 2012 through June 30, 2013, the employer contribution rate ranged from 8.18 percent to 9.11 percent dependent upon the employee's date of hire and plan election as noted above. Effective February 1, 2013, members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 401(k) account.

The College's required and actual contributions to the plan for retiree healthcare benefits for the years ended July 30, 2013, 2012, and 2011 were $4,739,000, $4,326,000, and $4,082,000, respectively.

Note 8 - Retirement Plans (Continued)

Optional Defined Contribution Plan

The College also has established an Optional Retirement Plan (ORP) in addition to the MPSERS plan as required by State law. Eligible employees may elect to participate in the MPSERS plan or join the ORP. Eligible employees are defined as full-time faculty and professional staff. Participants are immediately vested in the ORP, which requires an employer and employee contribution of 12.00 percent and 3.00 percent, respectively. In general, a participant may request payment of benefits at any time after total disability, termination of employment, or age 65 unless deferred until age 70½. College contributions to the ORP were approximately $1,303,000 and $1,247,000 for the years ended June 30, 2013 and 2012, respectively.

Note 9 - 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 and claims relating to employee injuries. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 10 - State Building Authority

The State of Michigan partially funded the construction of the Calkins Science Center with $15,040,000 of bonds issued by the State Building Authority (SBA) and the main building renovations with $3,000,000 of bonds issued by the SBA. The SBA bonds are secured by a pledge of rentals to be received from the State of Michigan pursuant to an agreement entered into between the SBA, the State of Michigan, and the College. During the lease term, the SBA will hold title to the buildings, the State of Michigan will make all lease payments to the SBA and the College will be responsible for all operating and maintenance costs. At the expiration of the lease, the SBA will transfer the titles of the buildings to the College.

Note 11 - Upcoming Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments participating in multi-employer defined benefit pension plans to recognize their share of the unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The College is currently evaluating the impact this standard will have on the financial statements when adopted. The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known; however, if we approximate the liability based on the actuarial accrued liability and allocated based on covered payroll, this computes to a liability of approximately $148 million. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

Supplemental Information

	General Fund	Designated Fund	Auxiliary Fund	Expendable Restricted Fund
Assets				
Current assets:				
Cash and cash equivalents	$ 17,483,782	$ 2,269,520	$ 2,068,942	$ -
Accounts receivable - Net	5,652,496	527,297	49,059	4,130,954
Prepaid expenses and other current assets	228,177	3,637	34,995	-
Due (to) from other funds	(6,389,171)	976,967	4,950,046	(2,418,910)
Total current assets	16,975,284	3,777,421	7,103,042	1,712,044
Noncurrent assets:				
Investments designated for capital projects	-	-	-	-
Accounts receivable - Net	-	-	-	-
Long-term investments	16,273,180	-	-	-
Unamortized bond discounts	-	-	-	-
Capital assets - Net	-	-	-	-
Total noncurrent assets	16,273,180	-	-	-
Total assets	33,248,464	3,777,421	7,103,042	1,712,044
Liabilities				
Current liabilities:				
Accounts payable	3,602,328	85,301	376,412	494,535
Accrued salaries and related amounts	10,343,940	102,397	44,250	246,191
Unearned revenue	4,025,755	-	-	971,318
Interest payable	-	-	-	-
Long-term obligations - Current	2,004,981	-	-	-
Deposits held in custody for others	-	-	-	-
Total current liabilities	19,977,004	187,698	420,662	1,712,044
Noncurrent liabilities - Long-term obligations - Net of current portion	2,149,945	-	-	-
Total liabilities	22,126,949	187,698	420,662	1,712,044
Net Position				
Net investment in capital assets	-	-	-	-
Unrestricted	11,121,515	3,589,723	6,682,380	-
Total net position	**$ 11,121,515**	**$ 3,589,723**	**$ 6,682,380**	**$ -**

Combining Statement of Net Position
June 30, 2013

Student Loan Fund	Agency Fund	Plant Fund	Total	Eliminations	Combined Total
$ 41,175	$ 413,334	$ 8,947,594	31,224,347	$ -	$ 31,224,347
-	395	68,848	10,429,049	-	10,429,049
6,971	-	-	273,780	-	273,780
(48,146)	(54,089)	2,983,303	-	-	-
-	359,640	11,999,745	41,927,176	-	41,927,176
-	-	20,614,252	20,614,252	-	20,614,252
-	-	732,289	732,289	-	732,289
-	-	-	16,273,180	-	16,273,180
-	-	320,523	320,523	-	320,523
-	-	106,290,045	106,290,045	-	106,290,045
-	-	127,957,109	144,230,289	-	144,230,289
-	359,640	139,956,854	186,157,465	-	186,157,465
-	553	3,836,161	8,395,290	-	8,395,290
-	-	-	10,736,778	-	10,736,778
-	-	-	4,997,073	-	4,997,073
-	-	499,349	499,349	-	499,349
-	-	5,486,739	7,491,720	-	7,491,720
-	359,087	-	359,087	-	359,087
-	359,640	9,822,249	32,479,297	-	32,479,297
-	-	64,827,353	66,977,298	-	66,977,298
-	359,640	74,649,602	99,456,595	-	99,456,595
-	-	62,146,119	62,146,119	-	62,146,119
-	-	3,161,133	24,554,751	-	24,554,751
$ -	**$ -**	**$ 65,307,252**	**86,700,870**	**$ -**	**$ 86,700,870**

	General Fund	Designated Fund	Auxiliary Fund	Expendable Restricted Fund
Operating Revenue				
Tuition and fees - Net of scholarship allowance	$ 57,074,702	$ -	$ -	$ -
Federal grants and contracts	-	-	-	6,105,781
State grants and contracts	-	-	-	1,929,100
Private gifts, grants, and contracts	-	-	-	372,250
Sales and services of auxiliary activities	-	-	5,385,067	-
Seminars, workshops, and other revenue	1,655,357	2,680,955	-	-
Total operating revenue	58,730,059	2,680,955	5,385,067	8,407,131
Operating Expenses				
Instruction	54,311,900	1,332,441	-	641,319
Public service	1,203,096	318,066	-	5,122,000
Instructional support	14,044,621	30,298	-	172,793
Student services	9,120,002	796,892	4,220,231	31,865,667
Institutional administration	12,246,376	1,077,463	-	503,053
Physical plant operations	12,137,351	39,885	-	48,652
Depreciation	-	-	-	-
Total operating expenses	103,063,346	3,595,045	4,220,231	38,353,484
Operating (Loss) Income	(44,333,287)	(914,090)	1,164,836	(29,946,353)
Nonoperating Revenue (Expenses)				
State appropriations	18,639,437	-	-	-
Property taxes	28,033,947	-	-	-
Pell revenue	-	-	-	28,898,519
Interest income	189,926	-	-	-
Interest expense on bonds	-	-	-	-
Unrealized loss on investments	(141,651)	-	-	-
Contributions	-	-	-	-
Other revenue	-	-	-	-
Net nonoperating revenue (expenses)	46,721,659	-	-	28,898,519
Increase (Decrease) in Net Position - Before transfers	2,388,372	(914,090)	1,164,836	(1,047,834)
Transfers - Mandatory and nonmandatory	(2,265,506)	1,321,434	(900,000)	1,047,834
Increase (Decrease) in Net Position	122,866	407,344	264,836	-
Net Position - Beginning of year	10,998,649	3,182,379	6,417,543	-
Net Position - End of year	**$ 11,121,515**	**$ 3,589,723**	**$ 6,682,379**	**$ -**

Combining Statement of Revenue, Expenses, and Changes in Net Position June 30, 2013

Student Loan Fund	Plant Fund	Total	Eliminations	Combined Total June 30, 2013	Combined Total June 30, 2012
$ -	$ -	$ 57,074,702	$ (16,383,498)	$ 40,691,204	$ 42,108,294
-	-	6,105,781	-	6,105,781	8,964,822
-	-	1,929,100	-	1,929,100	2,309,030
-	-	372,250	-	372,250	607,976
-	-	5,385,067	(972,358)	4,412,709	4,578,070
-	-	4,336,312	-	4,336,312	4,025,700
-	-	75,203,212	(17,355,856)	57,847,356	62,593,892
-	-	56,285,660	(381,793)	55,903,867	56,871,410
-	-	6,643,162	(37,769)	6,605,393	10,190,603
-	-	14,247,712	(129,563)	14,118,149	13,701,852
-	-	46,002,792	(16,643,370)	29,359,422	32,263,973
-	-	13,826,892	(153,258)	13,673,634	13,532,340
-	339,129	12,565,017	(10,103)	12,554,914	12,893,774
-	5,693,906	5,693,906	-	5,693,906	5,324,891
-	6,033,035	155,265,141	(17,355,856)	137,909,285	144,778,843
-	(6,033,035)	(80,061,929)	-	(80,061,929)	(82,184,951)
-	-	18,639,437	-	18,639,437	16,649,701
-	7,405,008	35,438,955	-	35,438,955	36,354,154
-	-	28,898,519	-	28,898,519	32,110,371
-	241,511	431,437	-	431,437	228,077
-	(3,041,237)	(3,041,237)	-	(3,041,237)	(2,191,360)
-	(162,671)	(304,322)	-	(304,322)	-
-	1,118,184	1,118,184	-	1,118,184	626,263
(51,048)	2,947,580	2,896,532	-	2,896,532	1,351,098
(51,048)	8,508,375	84,077,505	-	84,077,505	85,128,304
(51,048)	2,475,340	4,015,576	-	4,015,576	2,943,353
-	796,237	-	-	-	-
(51,048)	3,271,577	4,015,575	-	4,015,575	2,943,353
51,048	62,035,675	82,685,294	-	82,685,294	79,741,941
$ -	**$ 65,307,252**	**$ 86,700,869**	**$ -**	**$ 86,700,869**	**$ 82,685,294**

Schedule of General Fund Revenue, Expenses, and Transfers - Budget to Actual
Year Ended June 30, 2013

	Actual	Final Authorized Budget	Variance Favorable (Unfavorable)
Revenue			
Student tuition and fees	$ 57,074,702	$ 57,812,301	$ (737,599)
Property taxes	28,033,947	28,236,893	(202,946)
State operating appropriations	18,639,437	17,570,926	1,068,511
Interest income	189,926	225,000	(35,074)
Seminars, workshops, and other revenue	1,513,706	1,886,000	(372,294)
Total revenue	105,451,718	105,731,120	(279,402)
Expenditures and Transfers			
Instruction	54,311,900	55,268,416	956,516
Public service	1,203,096	1,224,284	21,188
Instructional support	14,044,621	14,291,968	247,347
Student services	9,120,002	9,280,619	160,617
Institutional administration	12,246,376	12,462,053	215,677
Physical plant operations	12,137,351	12,351,108	213,757
Total expenditures	103,063,346	104,878,448	1,815,102
Transfers from (to) General Fund			
Designated fund support	1,321,434	1,321,434	-
Auxiliary activity fund support	(900,000)	(900,000)	-
Expendable restricted fund support	1,047,835	1,135,000	87,165
Maintenance, equipment, and technology support	796,237	(703,763)	(1,500,000)
Total transfers	2,265,506	852,671	(1,412,835)
Total expenditures and transfers	105,328,852	105,731,119	402,267
Revenue over expenditures and transfers	**$ 122,866**	**$ -**	**$ -**

Grand Rapids Community College

Schedule of Changes in Designated Fund
Year Ended June 30, 2013

	Net Position at July 1, 2012	Revenue	Expenditures	Transfers In	Net Position at June 30, 2013
Actors theatre	$ 229	$ -	$ 19,225	$ 18,996	$ -
Arts outreach program	1,051	51,124	55,169	11,400	8,406
Training solutions	320,021	1,486,024	2,096,420	315,000	24,625
Diversity lecture series	33,081	33,627	54,657	15,000	27,051
Ford concessions	16,024	25,802	21,106	-	20,720
Ford equipment	153,918	63,848	36,059	-	181,707
HED programs	163,707	114,644	126,750	-	151,601
Institutional research	13,040	101,750	63,934	-	50,856
Auto technologies	29,250	41,604	48,276	-	22,578
Occupational training	263,480	23,036	20,858	-	265,658
Older learners center	10,440	8,338	111,944	95,877	2,711
Precollege program	30,461	-	18,202	4,752	17,011
Student activities and programs	(5,094)	151,213	210,320	56,883	(7,318)
Strategic leadership team	111,312	-	100,119	180,000	191,193
Budget stabilization	1,285,760	-	-	345,251	1,631,011
Other designated programs	755,699	579,945	612,006	278,275	1,001,913
Total	**$ 3,182,379**	**$ 2,680,955**	**$ 3,595,045**	**$ 1,321,434**	**$ 3,589,723**

Grand Rapids Community College

Schedule of Changes in Auxiliary Fund
Year Ended June 30, 2013

	Bookstore	Food Service	Parking	Printing Services	Total
Revenue					
Sales and fees	$ 762,469	$ 1,295,762	$ 2,233,584	$ 1,092,781	$ 5,384,596
Interest income	-	-	471	-	471
Total revenue	762,469	1,295,762	2,234,055	1,092,781	5,385,067
Expenditures					
Cost of sales	-	930,912	1,012,661	691,744	2,635,317
Salaries, wages, and benefits	38,057	330,932	183,381	560,610	1,112,980
Capital outlay	92,657	-	224,497	4,906	322,060
Other operating expenses	149,874	-	-	-	149,874
Total expenditures	280,588	1,261,844	1,420,539	1,257,260	4,220,231
Transfers Out	350,000	100,000	450,000	-	900,000
Total expenditures and transfers out	630,588	1,361,844	1,870,539	1,257,260	5,120,231
Excess of Revenue Over (Under) Expenditures and Transfers Out	131,881	(66,082)	363,516	(164,479)	264,836
Net Position - July 1, 2012	2,386,423	560,540	2,880,686	589,894	6,417,543
Net Position - June 30, 2013	**$ 2,518,304**	**$ 494,458**	**$ 3,244,202**	**$ 425,415**	**$ 6,682,379**

Schedule of Changes in Expendable Restricted Fund
Year Ended June 30, 2013

	Net Position at July 1, 2012	Revenue	Expenditures	Transfers In	Net Position at June 30, 2013
Specially funded:					
Early Childhood	$ -	$ 281,863	$ 327,305	$ 45,442	$ -
Economic Development	-	83,417	83,417	-	-
Employment Service/Trade Act - Kent County	-	1,492,916	1,492,916	-	-
Employment Service/Trade Act - Ottawa County	-	722,948	722,948	-	-
Jobs, Education, Training	-	363,400	363,400	-	-
Learning Corners	-	326,843	326,843	-	-
Michigan New Jobs Training	-	1,097,660	1,097,660	-	-
Motorcycle Safety Program	-	162,903	162,903	-	-
Older Learner	-	43,119	43,119	-	-
Pathways to Prosperity	-	68,663	68,663	-	-
Student Support Services	-	398,659	482,653	83,994	-
Title III Grant	-	396,839	431,024	34,185	-
Upward Bound	-	361,909	361,909	-	-
Vocational Education	-	874,959	1,759,172	884,213	-
Miscellaneous - Other	-	532,971	532,971	-	-
Total	-	7,209,069	8,256,903	1,047,834	-
Student financial aid:					
Federal Pell grant program	-	28,898,519	28,898,519	-	-
Federal Supplemental Education Opportunity Grant Program	-	686,114	557,884	(128,230)	-
Federal Work Study	-	511,948	640,178	128,230	-
Total	**$ -**	**$ 37,305,650**	**$ 38,353,484**	**$ 1,047,834**	**$ -**

Grand Rapids Community College

Schedule of Bonded Debt
Year Ended June 30, 2013

	Series 2006		Series 2008		Series 2009		Series 2012		Series 2012 (Facilities)		Series 2013		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 1,655,000	$ 441,450	$ 1,305,000	$ 590,500	$ 350,000	$ 402,240	$ 430,000	$ 595,956	$ 905,000	$ 1,081,868	$ 575,000	$ 88,628	$ 5,220,000	$ 3,200,642
2015	1,765,000	358,700	1,305,000	525,250	400,000	393,528	485,000	633,756	930,000	1,054,718	580,000	77,466	5,465,000	3,043,418
2016	1,210,000	270,450	1,310,000	460,000	450,000	382,790	510,000	644,206	965,000	1,017,518	580,000	74,274	5,025,000	2,849,238
2017	1,315,000	209,950	1,315,000	394,500	500,000	369,628	510,000	623,806	1,005,000	978,918	575,000	69,926	5,220,000	2,646,728
2018	1,490,000	144,200	1,315,000	328,750	550,000	354,060	510,000	603,406	1,045,000	938,718	550,000	64,750	5,460,000	2,433,884
2019	1,640,000	69,700	1,315,000	263,000	600,000	336,220	505,000	578,006	1,100,000	886,468	535,000	53,750	5,695,000	2,187,144
2020	-	-	1,315,000	197,250	650,000	315,980	505,000	557,806	1,155,000	831,468	535,000	43,050	4,160,000	1,945,554
2021	-	-	1,315,000	131,500	700,000	291,940	505,000	537,606	1,210,000	773,718	535,000	27,000	4,265,000	1,761,764
2022	-	-	1,315,000	65,750	725,000	266,050	200,000	212,406	1,270,000	713,218	365,000	10,950	3,875,000	1,268,374
2023	-	-	-	-	750,000	237,822	205,000	211,409	1,335,000	649,718	-	-	2,290,000	1,098,949
2024	-	-	-	-	5,025,000	755,999	-	-	14,820,000	3,030,883	-	-	19,845,000	3,786,882
2025	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**$ 9,075,000**	**$ 1,494,450**	**$ 11,810,000**	**$ 2,956,500**	**$ 10,700,000**	**$ 4,106,257**	**$ 4,365,000**	**$ 5,198,363**	**$ 25,740,000**	**$ 11,957,213**	**$ 4,830,000**	**$ 509,794**	**$ 66,520,000**	**$ 26,222,577**