



NOTE: Dinner will not be served.

AGENDA

Board of Trustees Meeting
December 12, 2005
5:00 p.m.

Regular Meeting

Policy

- I. Call to Order by Chairperson
- II. Roll Call by Secretary to the Board
- III. Pledge of Allegiance
- IV. Additions/Deletions to the Agenda
- V. Limited Public Comment Regarding Agenda Items
- VI. Chairperson and Board Member Reports
 - A. Chairperson Laverty
 1. Board Bylaws Discussion
 2. Information and Announcements
 - B. Board Members
 1. Trustee Proctor – Workforce Development Board
 2. Trustee Rasmusson – Year-end Financial Audit
 3. Trustee Smith – Foundation Update
- VII. President's Report
 - A. Informational Items
 1. College Spotlight – TRIO – Student Support Services EL-206
 2. Financial Aid Update EL-206
 3. Joint Capital Outlay Subcommittee Resolution
 - B. Action Items*
 1. Approval of Minutes – November 21, 2005 Regular Meeting

2. Human Resources – Administrative Appointments and Terminations
3. Tentative Agreement – Michigan Federation of Teachers
4. Finance
 - a. Approval of Bids
 - b. Approval of Consulting Services

EL-204

VIII. Public Comment

IX. Adjournment

**Motion to accept.*



BOARD OF TRUSTEES PLANNING CALENDAR

New items are in BOLD

December 2005

- Thurs., Dec. 8 Economic Club Luncheon*
Anthony Chan, Ph.D., Managing Director & Senior Economist, JPMorgan
Fleming Asset Management
Kellogg Center – 12:00 p.m.
- Thurs., Dec. 8 Foundation Holiday Open House
Health & Human Services Building
William and Claire Dart Atrium/Fred Abood Rotunda (located on Lower Level)
5:00 to 7:00 p.m.
- Dec. 9-10 Performing Arts Event: *3rd Semester Shakespeare Studio Theatre*
Old Central Room 232 – 8:00 p.m.
Admission: Free
- Sat., Dec. 10 Performing Arts Event: *LCC Jazz Ensemble & Jazz Combo*
Dart Auditorium – 8:00 p.m.
Admission: Free
- Sun., Dec. 11 Performing Arts Event: *LCC Concert Choir*
Plymouth Congregational Church, 2001 N. Grand River, Lansing
4:00 p.m.
Admission: Free
- Sun., Dec. 11 Performing Arts Event: *The Percussion Ensemble*
Dart Auditorium – 4:00 p.m.
Admission: Free
- Sun., Dec. 11 Performing Arts Event: *Dance Open House*
GVT 3900-3950 – 4:00 – 5:30 p.m.
Admission: Free
- Mon., Dec. 12 Regular Board of Trustees Meeting
Administration Building Board Room – 5:00 p.m.
- Fri., Dec. 16** Nursing Program Graduation
Dart Auditorium – 2:00 to 4:00 p.m.
- Sat., Dec. 17 Basketball – Men's
LCC vs. Schoolcraft College
GVT Gymnasium – 3:00 p.m.
Admission: \$4.00
- Dec. 24-Jan. 2** **COLLEGE CLOSED**

(As of 12/07/05)

*Please call 483-9739 for tickets or reservations no later than one week prior to event.

January 2006

Wed., Jan. 11

Spring Semester Kickoff Activity
Wellness Day Speaker - Walter M. Bortz, M.D., President,
American Geriatrics Society
“We Live Too Short and Die Too Long”
Dart Auditorium – 8 a.m.

Mon., Jan. 16

21st Annual Greater Lansing Area Martin Luther King, Jr., Holiday
Commission Luncheon*
Lansing Center – 11:00 a.m.

Tues., Jan. 17

Regular Board of Trustees Meeting
Administration Building Board Room – 6:00 p.m.

Jan. 27-28

MCCA Board of Directors Winter-In Service*
Macomb Community College
Warren, Michigan

February 2006

Feb. 5-8

ACCT/AACC National Legislative Seminar*
J.W. Marriott Hotel
Washington, D.C.

Mon., Feb. 20

Regular Board of Trustees Meeting
Administration Building Board Room – 6:00 p.m.

March 2006

Mon., Mar. 20

Regular Board of Trustees Meeting
Administration Building Board Room – 6:00 p.m.

April 2006

Apr. 1-4

Association of Governing Boards National Conference on Trusteeship
The Peabody Orlando
Orlando, FL

Apr. 7-8

MCCA Board of Directors Meeting
Jackson Community College
Jackson, Michigan

Mon., Apr. 17

Regular Board of Trustees Meeting
Administration Building Board Room – 6:00 p.m.

(As of 12/07/05)

*Please call 483-9739 for tickets or reservations no later than one week prior to event.

BYLAWS

OF THE

BOARD OF TRUSTEES

LANSING COMMUNITY COLLEGE

Date of Adoption: 12-04-01
Revised: 5/6/03, 3/15/04, 10/17/05

LALIB:109194.10\050806-00003

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1.0 AUTHORITY TO ADOPT, SUSPEND AND REVISE BYLAWS

1.0.1 Adoption of Bylaws

These amended and restated bylaws are adopted under the authority granted in the Community College Act of 1966 (the “Community College Act”), Act 331 of 1966, as amended, MCL 389.1 et seq.

MCL 389.125(d).

1.0.2 Suspension.

Except as otherwise prohibited by law, these Board bylaws may be suspended, in whole or in part, at any meeting of the Board by the Chairperson, if without objection, or by a majority vote of the Board and such action shall apply to that meeting only.

1.0.3 Revision.

Except as otherwise prohibited by law, these Board bylaws may be altered, amended, or repealed and new bylaws adopted at any Regular or Special Board meeting; provided that the proposal has been presented at a previous meeting of the Board. This rule may be waived by a majority vote of the Board at a meeting at which the proposal is presented.

Any new or amended bylaw properly adopted shall take immediate effect unless otherwise stated by the Board at the time of adoption.

1.1 MEMBERSHIP

1.1.1 Board of Trustees as Governing Body

The governing body of Lansing Community College shall be the Board of Trustees, membership of which shall be determined in accordance with the Community College Act.

1.1.2 Board Composition

The Board of Trustees consists of seven (7) persons elected at large every two (2) years at the regular College District election for staggered six (6) year terms. Nomination and election to the Board shall be in accordance with the Community College Act.

MCL 389.34a.

1.1.3 Qualification

A candidate for election to the Board of Trustees must be a resident elector in the Community College District.

MCL 389.151.

1.1.4 Elections

Regular elections shall be held biannually in odd years on annual school election dates as prescribed by the Community College Act.

All notices of regular or special elections to be held by the College District shall be given by the Secretary of the Board of Trustees in the manner prescribed by law.

Nominating petitions shall be provided at the Administration Office of the College to prospective candidates and shall be filed with the Ingham County Clerk, consistent with applicable state law.

The final canvass of the results of any community college election shall be made by the Board of Canvassers, in accordance with applicable law.

MCL 389.36-38; MCL 389.152.

(Amended 10/17/05)

1.1.5 Installation of Board Members

Each person elected or appointed as a member of the Board of Trustees shall file with the Secretary of the Board of Trustees an Acceptance of Office, an Affidavit of Eligibility, and an Oath of office.

All members of the Board of Trustees shall file an Affidavit of Eligibility in the following form:

“I, _____, a duly elected or appointed member of the Board of Trustees of Lansing Community College, do solemnly swear that I am an elector residing in _____, County of _____, and have resided therein for more than thirty (30) days prior to the date of my election or appointment, that

I have also attained the age of eighteen years prior to the date of my election or appointment; and that I have resided in the State of Michigan for more than six (6) months and am a United States citizen.”

All members of the Board of Trustees shall file an Acceptance of Office in the following form:

“I accept the office of Trustee on the Board of Trustees of Lansing Community College and agree to serve in this position for the period required by statute or until my successor shall qualify.”

All members of the Board of Trustees shall take and subscribe to the following Oath of Office:

“I do solemnly swear that I will support the Constitution of the United States and the Constitution of this State and that I will faithfully discharge the duties of the office of member of the Board of Trustees according to the best of my ability.”

MCL 389.156.

(Amended 10/17/05)

1.1.6 Vacancy on the Board

Whenever a vacancy occurs on the Board of Trustees, the remaining members of the Board shall immediately fill, by majority vote, the vacancy with a qualified elector of the College District, as prescribed by law. The Trustee so appointed shall hold office until the next regular election of members of the Board, at which time the vacancy will be filled by election for the remainder of the term.

MCL 389.158.

(Amended 10/17/05)

1.1.7 New Board Member Orientation

It shall be the responsibility of the Chairperson of the Board of Trustees and the President of the College to inform new members of the Board about the budget and Strategic Plan of the College, the general organization and

administration of its programs, the major problems it faces, programs of development in progress, and the way in which the Board functions. Such orientation shall be planned and carried out after each election or whenever a new member is appointed to fill an unexpired term.

(Amended 10/17/05)

1.1.8 Board Members Seeking Employment with the College

A Board member shall not apply for a position with the College unless and until he or she has first resigned from the Board. Similarly, employees of the College, regardless of the type of compensation received, are excluded from membership on the Board.

1.2 **OFFICERS AND DUTIES OF OFFICERS OF THE BOARD OF TRUSTEES**

1.2.1 Officers

The officers of the Board of Trustees shall be a Chairperson, Vice Chairperson, Secretary, and Treasurer, all of whom shall be members of the Board. The positions of Secretary and Treasurer may be combined, if the Board so decides by majority vote.

The officers shall perform those duties as need be provided by these bylaws not inconsistent with the Community College Act and current statutes.

MCL 389.111(3); MCL 389.113(2).

1.2.2 Election of Officers/Term of Office/Vacancy

All officers of the Board shall be nominated from the floor and elected by roll call vote at the organizational meeting of the Board provided for in 1.4.2.

Each officer of the Board shall be elected for a term of two (2) years or such shorter time as the Board shall determine, shall assume office immediately upon election, and shall hold office until a qualified successor shall be elected. In the case of a vacancy in any office, such vacancy shall be filled as soon as practicable by electing a successor to the unexpired term of office. This provision does not preclude the re-election of an officer.

MCL 389.111(3).

1.2.3 Chairperson

The Chairperson shall provide leadership in planning the work of the Board, shall preside at all meetings of the Board, shall decide all questions of rule and order. The Chairperson shall appoint and establish all committees and committee Board appointments unless the committee members are designated or their appointment is otherwise provided for in the motion or resolution establishing the committee, shall be an ex-officio member of all committees, and shall perform such other duties as these bylaws and state law provide or the Board may prescribe. The Chairperson shall act for the Board when such action is required by law in signing contracts and other official documents, shall represent the Board of Trustees or designate a representative upon occasion when such representation is deemed desirable, shall act as the spokesperson for the Community College, consistent with 1.7.5 and 1.7.6, and shall perform such other duties as may be prescribed by law, consistent with Governance Policy GP-303.

(Amended 10/17/05)

1.2.4 Vice Chairperson

The Vice Chairperson shall support the Chairperson in his or her duties, shall assume the duties of the Chairperson in the event of his or her absence or incapacity, and shall perform other duties as these bylaws and state law provide or the Board may prescribe.

1.2.5 Secretary

The Secretary shall, through the professional secretary to the Board, cause to be kept a proper record of all meetings of the Board, shall see that proper notices required by law are published or posted, that Board members are properly notified of all meetings, that all records to the Board are available for public inspection, that minutes of previous meetings are supplied to all members as required by these bylaws and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned to him or her by the Board or are required by these bylaws or state law. In the absence or inability of the Secretary to act, any officer may act in his or her place.

1.2.6 Treasurer

The Treasurer, through the Chief Financial Officer of the College and subject to any delegation to the President in 1.6.4 (D), shall monitor and safeguard the financial condition of the College, including but not limited to receiving, holding in custody, investing and handling all funds of the College as directed by the Board; dispersing funds of the College as he or she may be ordered by the Board, and shall perform such other duties as these bylaws and state law or the Board may prescribe.

The Treasurer, through the Chief Financial Officer of the College, shall each year, after the Board of Trustees has determined the tax rate to be levied and certified the amount of taxes to be raised, notify the proper assessing officers of each city and township contained in the College District.

The Treasurer and all designated assistants shall be bonded by a surety company approved by the Board in such amount as the Board may determine. The premium for said bond shall be an expense of the College.

1.3 BOARD COMMITTEES

1.3.1 Committees

There shall be no standing committees of the Board other than an Audit Committee, as provided for in Section 1.3.2, below; however, there may be appointed special committees to study issues and perform tasks. These committees shall be appointed by the Chairperson for certain expressed purposes and periods of time, consistent with Governance Policy GP-304.

(Amended 10/17/05)

1.3.2 Audit Committee

Members of the Audit Committee shall be appointed by the chairperson of the Board of Trustees and shall serve as a standing committee to meet with the College's auditors in advance of and during the annual college audit, to review the College's financial policies as may be appropriate, and to address other financial and related issues the Board or committee members deem appropriate, consistent with Governance Policy GP-305.

(Amended 5/6/03, 10/17/05)

1.4 MEETINGS OF THE BOARD

1.4.1 General Conduct and Notice of Meetings

The business that the Board may perform shall be conducted in compliance with the Michigan Open Meetings Act, 1976 PA 276, MCL 15.261 et seq. Generally, unless the Open Meetings Act provides otherwise, meetings of the Board shall be open to the public and shall be held in a place available to the public. The Board, in accordance with the Open Meetings Act, may go into closed session.

MCL 15.263; MCL 389.111(4).

1.4.2 Organizational Meeting

The organizational meeting of the Board of Trustees shall be held at the first meeting of the Board in July following the date of the regular College District election. The Board shall elect officers at the organizational meeting.

MCL 389.111(2) and (3).

1.4.3 Regular Meetings

The Board shall meet on a regular basis at times determined by the Board. Meetings will ordinarily be held in the Board Room of the Administration Building, 610 N. Capitol Avenue, Lansing Community College, PO Box 40010, Lansing, Michigan 48901-7201, but may be held at other times and in places in accordance with the Open Meetings Act, as the Chairperson may set, and circumstances may require.

A public notice of the regular meetings of the Board of Trustees shall be posted in accordance with the provisions of the Open Meetings Act within ten days after the first meeting of the Board in each fiscal year. The public notice shall state the dates, times and places of each regular meeting.

Any regular meeting may, however, under necessary circumstances, be set at another time or place, or be waived by a majority vote of the Board at a preceding meeting or cancelled altogether at the discretion of the Board Chairperson, unless four (4) or more Trustees object in writing. Any change in the schedule of regular meetings of the Board of Trustees shall be posted in a public notice within three (3) days after the meeting at which the change is made and state the new dates, times and places of such meeting(s). In the event of any rescheduled regular meeting of the Board of

Trustees, a public notice stating the date, time and place of the meeting shall be posted at least eighteen (18) hours before the meeting.

MCL 15.265(2), (3), and (4).

(Amended 10/17/05)

1.4.4 Special Meetings/Notice

Special meetings of the Board of Trustees may be called by the Chairperson of the Board, or any four (4) members of the Board, by serving on the other members a written notice of the date, time, place and purpose of such special meeting. No business shall be conducted at a special meeting other than that which is designated in the written notice of the meeting. A public notice stating the date, time, and place of any special meeting shall be posted at least eighteen (18) hours before the meeting.

Service of the notice for a special meeting shall be by any one or more of the following:

- A. Delivering the notice to the Board member personally at least eighteen (18) hours before the special meeting is to take place, or
- B. Leaving the notice in a conspicuous place at the Board member's residence or with some person of suitable age and maturity of the household at least eighteen (18) hours before such meeting is to take place, or
- C. Depositing the same in the U.S. Post Office mail receptacle, enclosed in a sealed envelope plainly addressed to each such member at his or her last known residence address, at least forty-eight hours (48) before such meeting is to take place, or
- D. Electronic mail or facsimile to the Board member at least eighteen (18) hours before the special meeting, to an address or facsimile number provided by the Board member for such purposes, provided such notice is accompanied by a telephone call to the Board member's residence or business at least eighteen (18) hours before the special meeting, whichever the Board member provides for such purpose, notifying the Board member of the electronic mail or facsimile notice of the special meeting.

Service as above prescribed may be made by any adult person including a member of the Board, the Secretary to the Board, or any employee of the College.

1.4.5 Quorum, Voting, and Roll Call Voting

At all meetings of the Board of Trustees, whether regular or special, a majority of the entire membership of the Board shall constitute a quorum to do business. If a quorum is not present for a meeting, a majority of those present may adjourn the meeting to a future date.

No act of the Board is valid unless voted at a legal meeting by a majority of the Board, consistent with 1.5.5, and a proper record made of the vote. A roll call vote is required for approval of any expenditure of College proceeds or for any other vote if requested by any Board member.

MCL 389.113(1).

(Amended 10/17/05)

1.4.6 Attendance by Telephonic or Video Conference

Unless otherwise prohibited by law, it is permissible for a member to participate in a regular or special meeting by telephone or video conference so long as a quorum otherwise exists, the member participating by telephonic or video conference can hear all comments of the Board and audience members and can be heard by all Board members and audience members, and the College reasonably has facilities and equipment to accommodate such participation. Assuming a quorum otherwise exists, a member participating in a regular or special meeting by telephone or video conference may vote on action items and his or her vote shall count.

1.4.7 Legal Counsel

Legal counsel may be present at regular and special meetings of the Board when legal advice is needed and counsel has been notified by the Chairperson of the Board of Trustees or the President of the College.

(Amended 10/17/05)

1.5 MEETING PROCEDURE

1.5.1 Agenda for Regular Meeting

The President and Chairperson shall prepare an agenda with necessary supporting reports and documents for each regular meeting. The agenda, with supporting materials, shall be available for each member of the Board no later than three (3) calendar days prior to the day of a meeting. The agenda may be modified by the Chairperson, if without objection, or upon a majority vote of the Trustees in attendance at a Board meeting.

1.5.2 Order of Business

The Chairperson, upon taking the chair, shall call the members to order on the appearance of a quorum. The order of business for Regular Meetings shall be as follows:

- I. Call to Order;
- II. Roll Call;
- III. Pledge of Allegiance
- IV. Additions/Deletions to the Agenda;
- V. Limited Public Comment Regarding Agenda Items;
- VI. Chairperson and Board Member Reports,
 - A. Chairperson,
 - B. Board Members;
- VII. President's Report,
 - A. Informational,
 - B. Action Items;
- VII. Public Comment;
- VIII. Board Evaluation
- IX. Adjournment.

(Amended 10/17/05)

1.5.3 Public Participation in Public Meetings

Individuals and delegations are welcome to attend meetings of the Board of Trustees' and may address the Board during that section of the agenda designated for public comments. No person shall speak for more than three (3) minutes unless the time limit is waived by the Chairperson, if without objection, or by a majority vote of the Board members present. When a large number of speakers are to be heard, the Chairperson, if without objection, or the Board by majority vote of the Board members present may

shorten the time for each speaker and/or set a limit on the time and number of persons to be heard on a given subject.

Defamatory or abusive personal remarks are always out of order. The Chairperson of the Board may terminate the speaker's privilege of address if, after being warned, the speaker persists in improper conduct or remarks. The Chairperson may order the removal of any person, by Police and Public Safety Officers or any lawful means, who persists in improper conduct during a meeting of the Board of Trustees.

(Amended 10/17/05)

1.5.4 Minutes

Trustees shall keep a written or printed record of each regular or special meeting of the Board, in accordance with Section 9 of the Open Meetings Act. Copies of minutes of Board meetings, except closed sessions, shall be available to the public at the reasonable estimated cost of copying, consistent with the Michigan Freedom of Information Act, Act 442 of 1976, as amended, MCL 15.231 et seq. Proposed minutes of a Board meeting shall be available for inspection (but not copying) by the public at the College's administrative offices no later than eight (8) business days after said meeting, and delivered to members of the Board with the Board agenda prior to the next Board meeting. Approved minutes shall be made available to the public at a time no later than five (5) business days after the minutes have been approved by the Board.

MCL 389.113(1); MCL 15.269.

1.5.5 Parliamentary Procedure and Authority

In general and unless otherwise required by state law or these bylaws, the Board shall act by resolution or motion brought by a board member, seconded by another board member, and approved by a majority of the Board. A motion to call the question, if seconded and approved by majority, shall end debate and require a vote on the main motion or resolution. A motion to table may be made at any time and is non-debatable. A motion to adjourn may be made at any time and takes priority over any other motion. When there shall be any question regarding procedure not addressed by these bylaws or state law, the current edition of Robert's Rule of Order Newly Revised for deliberative bodies (not the more limited Procedures in Small Boards) shall govern in all cases to which

they are applicable and in which they are not inconsistent with these bylaws or state statute.

1.6 BOARD GOVERNANCE/BOARD POLICIES AND PROCEDURES

1.6.1 Authority and Powers Reserved by the Board

All business conducted by the Board of Trustees shall be in conformance with the Community College Act and current Michigan statutes, including the Open Meetings Act, Act 267 of 1976, as amended, MCL 15.261 et seq, consistent with Governance Policy GP-301.

The College shall be managed by the Board of Trustees, in accordance with the Community College Act and in keeping with these Board bylaws and the Statements of Purpose and Goals contained within the College's strategic plan. The general powers granted to the Board are those expressly provided for in the Community College Act and any powers implied or incident thereto, including the exercise of any power incidental or appropriate to the performance of any function related to the operation of the College in the interests of educational and other programs and services offered by the College.

More specifically, the duties of the Board of Trustees shall include, but are not limited to, the following: 1) appoint, evaluate, and/or remove the President, Vice-presidents, Deans, and Departmental Chair level administrators; the terms "Vice-presidents, Deans, and Departmental Chair Level administrators" shall mean any person paid by LCC, whether employee or consultant or contract person, or person paid through a firm in which such paid person has a legal or equitable ownership interest, and which payment in any calendar year shall exceed that of the average full time faculty member; 2) review and approve all terminations and/or discharges; and 3) review and approve all consultant contracts; 4) approve the issuance of College degrees and certificates; 5) adopt, develop, and define Board and College policies; 6) establish an annual College budget; 7) establish and authorize College tuition, course fees, and other fees that apply to all students; 8) authorize the sale, purchase, construction, and renovation of College land, buildings, and major equipment; 9) define and review College strategic direction and goals; 10) institute and promote major College fund-raising efforts and authorize the acceptance of gifts to the College; 11) authorize the incurring of debt by the College; 12) evaluate the President, consistent with 1.6.3.

MCL 389.104(2); MCL 389.121-123; MCL 389.127.

(Amended 10/17/05)

1.6.2 Strategic Plan

The focus of the Board will be proactive rather than reactive and shall be on broad strategic issues and policies; not on the administrative or programmatic means in attaining these goals.

The Board of Trustees shall be responsible for the development of the College's strategic plan, which is intended to provide broad direction to the College and a framework for evaluating the College's operational effectiveness. The strategic plan shall contain performance measures through which the continuous improvement of the College can be evaluated.

The College's strategic plan shall be modified and extended on an ongoing basis through changes or additions recommended by the President and approved by the Board. Modifications and extensions shall be accompanied by additional performance measures if suitable measures are not already contained within the strategic plan. The President shall confer with the Board regarding extensions and modification of the strategic plan on a regular basis.

1.6.3 President as Chief Executive Officer of College

The President shall serve as the chief executive officer of the College, and the general administration and operation of the College is delegated by the Board to the President, in accordance with these bylaws, consistent with Governance Policy EL-200

The President's administration shall conform to the adopted policies of the Board and the direction defined in the College strategic plan and, in particular, the performance measures contained therein. These performance measures will be defined in three (3) broad categories and reviewed by the Board: Stakeholder Satisfaction, Financial Responsibility, and Access.

A formal evaluation of the President will occur in October or November of each year. This evaluation shall consider the performance measures as defined herein, and as it has appeared over the intervening year.

Only decisions of the Board acting as a body are binding upon the President. Decisions or instructions of individual Board members, officers,

or committees are not binding on the President except in rare instances when the Board has specifically authorized such exercise of authority.

(Amended 10/17/05)

1.6.4 Delegation to the President

The President is hereby delegated the following authority, consistent with the President's status as the College's chief executive officer. In exercising the authority granted herein, the President shall be governed by and comply with all written bylaws, policies and contracts adopted and approved by the Board of Trustees, and any applicable state law:

- A. Select and employ personnel of the community college, subject to 1.6.1. As provided in the Community College Act, the authority granted hereunder shall not include the authority to appoint and employ the chief financial officer responsible to the President.
- B. Pay claims and demands against the community college, up to the amount of \$50,000.
- C. Unless otherwise subject to a specific college policy or specifically approved by the Board, purchase, lease, or otherwise acquire personal property for the College on College premises, provided that all transactions of \$100,000 or more shall first be approved by the Board.
- D. Invest funds of the College, subject to limitations imposed by law or the Board of Trustees.
- E. Subject to terms and conditions as the Board may establish, accept any and all contributions, capital grants, gifts, donations, services, or other financial assistance from any public or private entity, provided that the President shall report to the Board, at the first meeting following receipt, any item with a value of \$10,000 or more.

These powers delegated to the President shall be effective immediately and shall continue until specifically revoked by the Board.

MCL 389.124(b).

(Amended 10/17/05)

1.6.5 Formulation of College Policies and Procedures

The Board of Trustees, as provided by statute, shall adopt policies for the governance of the College.

Formulation of new policies, or amendment to existing policies for the overall operation of the College, may be recommended to the Board by the President.

Procedures, when developed by the administration in order to implement policies, will be presented to the Board for information.

1.6.6 Policy Formation/Advice/Changes

The first meeting at which a policy topic is discussed shall require three (3) members for the purpose of introduction and discussion. The Chairperson, after consultation with other Board members, will seek pertinent facts and advice from the President and advice from legal counsel when appropriate regarding all policy formation or changes. Reports and information in response to such requests, as is the case with other Board information, will be made available to all members of the Board.

At the second meeting at which a policy is discussed, a formal policy proposal may be put forth. The Board may at this time vote upon the proposal or request language changes, further research, or additional information, thereby postponing a vote.

Policies may be altered, amended, or repealed by the Board at any Regular or Special Board meeting, provided the change has been presented at a previous meeting of the Board. This rule may be waived by a majority vote of the Board at the meeting at which a policy change is presented.

1.6.7 Distribution of Bylaw and Board Policies

Copies of the Bylaws and the Policy Manual of the Board of Trustees of Lansing Community College shall be provided to every Board member, filed with the Secretary of the Board, maintained in the office of the President of the College, on the College website, and at such other places as is deemed appropriate.

(Amended 10/17/05)

1.7 BOARD AND BOARD MEMBER CONDUCT/INTERACTION WITH PUBLIC AND WITH COLLEGE PERSONNEL

1.7.1 General Guidelines for Conduct

The Board acknowledges its responsibility to the Administration, Faculty, Staff and Students, as well as to the public to conduct itself, collectively and individually, in a manner consistent with these rules and bylaws as well as with other College and Board policies and practices, consistent with Governance Policy GP-307.

The Board of Trustees recognizes that it has authority to act only as a unit and that individual Board members have no authority to act in College matters without approval of the Board.

The Board will enforce upon itself whatever discipline is needed to govern and discharge its duties effectively and efficiently. The Board and individual Board member self discipline will apply at all times and to such matters which include, but are not limited to attendance, respect of others, proper decorum, confidentiality with sensitive information, speaking with one voice, and adherence to the policies and rules of the College and the Board. The Board will not allow any officer, individual or committee of the Board to hinder or be an excuse for not fulfilling the Board's responsibilities in a professional and responsible manner.

The Board will take appropriate action to enforce the obligations imposed hereunder and in these bylaws, including without limitation, limiting or suspending travel or other Board privileges, public censure, or other such action as the Board deems appropriate.

Each Board member is subject to and shall conform his or her behavior in accordance with Board and general College policies regarding ethical and professional conduct.

(Amended 10/17/05)

1.7.2 Receipt of Confidential Information

At times, Board members will receive confidential or sensitive information concerning College affairs, including information which if disclosed could have adverse consequences to the College. For example, information

received in a closed session of the Board that is disclosed to the public by a Board member could result in the waiver of the attorney-client privilege and, may as well, constitute a violation of the Open Meetings Act. Accordingly, Board members shall keep confidential all information of a confidential or sensitive nature provided to the Board, the disclosure of which would violate the fiduciary obligations of the Trustee, compromise the attorney client privilege, or violate any law or court order, and shall not disclose any confidential information received during closed sessions of the Board or otherwise.

1.7.3 Interaction With College Personnel

College personnel regard a visit by a Board member, except for consultation with the President, as a special occasion. Ongoing interaction can create confusion as to the roles of the Board and the College Administration. Moreover, to prevent the appearance of impropriety or unethical conduct and to avoid the use of undue and inappropriate influence over College personnel, Board members should coordinate College related contact and interactions with the President.

The Board recognizes the rights of students, faculty, administrators and other employees of the College to hold private meetings and to carry on the day-to-day operations of the College without the participation of Board members. Accordingly, it is improper for Board members:

- A. to attend or participate in private meetings of students, faculty, administrators or other employees of the College where College business is to be considered, unless the Board member has been invited to attend as an observer only, or the Board as a whole is invited to attend and decides to participate, or the Board member has been officially designated by the Board to attend or participate;
- B. to participate in the day-to-day operations of the College without official Board approval;
- C. to intercede with students, faculty, administrators or any other employees of the College on behalf of any person or program without approval of the Board;
- D. to threaten or harass or intimidate any employee or student of the College or anyone doing business with the College;

- E. to borrow money, solicit funds or accept gratuities of any kind from any employee of the College, unless the activity is otherwise protected by constitution or statute.

1.7.4 Communications Policy/Board Members Request for Information

In order to assure that internal and external communication between the Board, the public and the college staff are clear and represent the unity and maintain the integrity of the Board acting as a whole, these policies will be followed as individual responsibilities of each Trustee:

- A. Individual Trustees requesting information that will require a material amount of staff time to compile, or the preparation of a special report, or that may be disruptive shall make such requests to the Chairperson of the Board. The Chairperson may approve the request or, at his or her discretion, place the request on the next Board meeting agenda for the consideration of the Board of Trustees. Compilations and reports prepared pursuant to this provision will be available to all Trustees. Individual Trustees shall not make such requests directly to an employee of the College.
- B. Individual Trustees with questions regarding the operations of the College, such as inquiries concerning employment or admission to the College, complaints for or about students, complaints from or about faculty and staff, complaints or questions about administrative decisions, and complaints or questions from or about facilities, shall convey such to the Office of the President for consideration and possible action.
- C. When discussing community concerns, issues involving the College, and actions taken by the Board of Trustees and the administration, Trustees shall carefully delineate between opinions that are personal and held as an individual citizen versus opinions that reflect officially approved policies or action of the Board or College.
- D. Trustees will make no announcement of nor give any information about action taken by the Board until such action has been communicated by the Board Chairperson or President through regular official channels.
- E. Consistent with the guideline in 1.7.1, an individual Trustee shall not purport to act for, bind, or commit the College to any act or course

of conduct without the prior approval of the Board. The College can be bound only by formal action of the Board.

1.7.5 Communication With Legislators, Public Officials, and Community Leaders

In contact with legislators, public officials and community leaders, Board members should maintain consistency with established Board decisions, policies and plans and coordinate contacts with the President and Board Chairperson.

Consistent with 1.7.1 and 1.7.4.E, Board members, when acting as individuals, should take reasonable care to clarify that they are acting as individuals and not on behalf of the Board or the College.

1.7.6 Relationship With The Press

The Board Chairperson and the President, or their respective designees, shall be the spokespersons to the press on College matters. In most cases, Board members should refer inquiries from reporters to the Chairperson and/or President. The goal is to speak with one voice on College matters and to remove the potential of conflicting statements.

See also 1.7.1 and 1.7.4.C and 1.7.4.E, consistent with Governance Policy GP-307.

(Amended 10/17/05)

1.7.7 Conflict of Interest

A. Defined; Obligations in event of conflict of interest: As required by state law, if a Board member's outside activity (employment, participation or involvement in another business, corporation, institution or other entity) constitutes a conflict of interest, then the Board member will (a) disclose to the Board such conflict or the potential conflict; (b) absent herself/himself from discussion regarding any issue which involves his role as a Board member and his outside activity, and (c) refrain from voting on any such issue.

Conflict of interest includes, without limitation, (1) serving simultaneously as a member of a community college board and as an officer or director of a corporation doing business with the college, or (2) having a financial interest in a corporation doing business with the College, or (3) having the

potential in similar ways to have a direct personal benefit from a Board action, or (4) participation or involvement in any outside activity (as defined above) which would create the appearance of divided loyalties and advancing self-interest if the Board member were to engage in deliberations or votes concerning matters of interest to both the College and the outside activity or (5) any conference or discussion with any person which would create a risk of disclosing confidential or proprietary information of the College particularly when such discussions could implicate and further exacerbate conflicts as defined in (4) above.

B. Disclosure: Members shall immediately disclose to the Board any conflict of interest or potential conflict of interest that arises, and shall also disclose in writing at the regular September Board meeting each year any existing or potential conflict of interest. Each Board member shall receive a disclosure form in advance of the September Board meeting upon which disclosures shall be made.

C. Solicitation: No Board member shall directly or indirectly solicit any contract between the College and:

1. The member;
2. Any firm (meaning a co-partnership or other incorporated association) of which she/he is a partner, member or employee;
3. Any private corporation in which she/he is a stockholder owning more than one percent (1%) of the total outstanding stock of any class where such stock is not listed on a stock exchange, or stock with a present market value in excess of \$25,000.00 where such stock is listed on a stock exchange or of which he/she is a director, officer or employee; and
4. Any trust of which the Board member is a beneficiary or trustee.

D. Vendors: Except in circumstances where the Board is selecting a consultant for its own purposes, Board members shall not normally communicate with vendors regarding the provision of products and services to the College, and shall refer any inquiries to the President. Board members shall avoid involvement in vendor-College relationship; any advocacy of individual vendors shall be regarded as a substantial conflict of interest.

(Amended 03/15/04)

1.7.8 Trustee Usage of Facilities

Trustees are not prohibited from using College facilities for professional or personal reasons provided such facilities are normally available to the public, and the Trustee is subject to the same conditions, goes through the same procedures and pays the same compensation as would a member of the public who is not a College employee.

1.7.9 Complaints Regarding Individual Board Member

In the event the College receives a complaint from a member of the public or from a College employee, the complaint shall be referred to the Board Chairperson or, if the complaint is against the Chairperson, to the Vice Chairperson. The Trustee that is the subject of the complaint shall be notified and given an opportunity to respond to the Chairperson (or Vice Chairperson, if the complaint concerns the Chairperson). The Chairperson (or the Vice Chairperson, if appropriate), at his or her discretion, shall determine whether to take the complaint to the full Board for consideration or possible disciplinary action. Further, the Chairperson (or Vice Chairperson, if appropriate), shall have the discretion to investigate the complaint, including the authority to engage an outside consultant to undertake the investigation and may, if he or she chooses, do so prior to notifying the Board of the complaint. Any report from an outside consultant shall be disseminated to all Board members prior to any disciplinary action being taken against the Board member. All meetings to hear complaints or to consider the discipline of a Board member shall occur at an open meeting, unless the Board member that is the subject of the complaint requests a closed session, in accordance with the Open Meetings Act.

The foregoing does not prohibit the right of a member of the public, College employee, or vendor to appear before the Board at a regular or special meeting to address the Board during the public comments portion of the meeting and air his or her complaints regarding the conduct of the Board member.

1.8 COMPENSATION AND REIMBURSEMENT OF EXPENSES

1.8.1 Compensation

No member of the Board shall receive any compensation for services rendered the College.

MCL 389.112.

1.8.2 Travel Expenses

The Board recognizes the value of membership and attendance at conferences, workshops, and meetings at the state, regional, and national levels which are appropriate and necessary to carry out College business. Subject to Chairperson approval, the Board encourages the following:

1. The attendance of its members in one (1) out-of-state and one (1) in-state conference (inclusive of the MCCA Summer conference), workshop, or meeting per year, in addition to all other meetings and conferences offered by the Michigan Community College Association.
2. The Board appointed delegates to the Board of Directors of the Michigan Community College Association to attend all regularly scheduled meetings of its Board of Directors.
3. The Board Chairperson or his or her designee may also represent the College in one (1) international visit per year in furtherance of stated goals and the objectives of the Sister College Program.
4. Board members travel arrangements will be coordinated through the Board secretary.
5. Board members will be reimbursed for reasonable and necessary required business travel expenses.

The above is consistent with Governance Policy GP-308.

(Amended 10/17/05)

1.9 INDEMNIFICATION

1.9.1 Indemnification

A. Except as prohibited by law, the College will indemnify Board members against whom an action, claim, or proceeding is brought or threatened as a result of a Board member's good faith performance of duties on behalf or at the direction of the College, and in all cases in which the action, claim or proceeding is covered in whole or in part by a policy of insurance. This indemnification will be against and is limited to expenses, including attorney's fees, judgments, penalties, fines, and amounts in

settlement actually and reasonably incurred in connection with the action, suit, or proceeding.

- B. For indemnification to be provided the Board member must have acted in good faith and in a manner that he or she reasonably believed to be in the best interests of the College, and with respect to criminal action or proceeding, the Board member must have had no reasonable cause to believe that his or her conduct was unlawful.
- D. Indemnification will not take place for a breach of duty of loyalty to the College, an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law, a transaction from which the Board member derived an improper personal benefit, an act or omission that is grossly negligent, or for a Board member seeking indemnification under this policy who fails to provide timely notice of any action, claim or proceeding or fails to fully and completely cooperate with the College in defending the action, claim or proceeding.
- E. This indemnification will be made only as authorized in a specific case upon application by a Board member and after determination that indemnification is proper in the circumstance and the Board member has met the applicable standards of conduct set forth herein.

1.9.2 Procedure for Implementing Request for Indemnification

The following procedure(s) have been adopted in order to implement the Board of Trustees' policy regarding indemnification and assignment of litigation.

- A. In the event an action, claim or proceeding is brought against a Board member for which indemnification may be authorized under this policy, the Board member seeking indemnification shall immediately advise the President of the action, claim or proceeding and cooperate with the College in all facets of the application of this policy and the defense of the matter in question. All relevant documents related to the matter (including but not limited to the summons, complaint or other legal documentation) shall also immediately be forwarded to the President, who shall then proceed to apply this policy to the matter in question.
- B. The appropriate authorized College representative(s) will then automatically and immediately refer all relevant documents related

to the matter (including but not limited to the summons, complaint or other legal documentation) to the College's insurance carrier.

- C. Defense will be provided in accordance with established procedures as outlined in the coverage documents of the College's current insurance carrier.

1.10 ADMINISTRATION

1.10.1 Financial

The fiscal year of the College shall be from July 1 to June 30, inclusive.

The Board shall adopt a budget on or before June 30 of each year and shall provide for a public hearing to be held on the proposed budget in accordance with the Act. No later than the third Monday in April of each year, the President, or his or her designee, shall present an estimate of the amount of taxes or appropriation deemed necessary for the ensuing fiscal year for the purposes of expenditures authorized by law.

The Administration shall operate within approved budget allotments; no allotment shall be deemed a mandate to spend. The Board must first approve any expenditure in excess of an approved budgetary limit. At the fiscal year-end, the Board shall return the balance of credits in the operating budget to the general fund for reappropriation.

MCL 389.141; MCL 389.143., and consistent with Governance Policies EL-202, 203, 204.

(Amended 10/17/05)

1.10.2 Long-Term Financial Planning

The Administration shall be charged with the responsibility of following accepted accounting procedures as established by law and shall provide the Board with such interim fiscal reports as the Board may require. Long-term financing forecasts must include the protection of adequate fiscal reserves and available cash sufficient to meet payroll and debts in a timely manner.

1.10.3 Awarding Contracts

The Administration shall award contracts and make purchases in accordance with Board and College policies.

1.10.4 Audits

All accounts of the College shall be audited once each year and at such other times as the Board may determine. Copies of the reports and audits shall be filed as required by state law and shall be available at the principal business office of the College for public inspection, consistent with Governance Policies EL-202, 203, 204.

MCL 389.143.

(Amended 10/17/05)

1.10.5 Legal Counsel

Legal Counsel shall be appointed by the Board and perform such duties as may be assigned by the Board, through the Chairperson, and shall serve at the pleasure of the Board.



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Floyd L. Costerisan
Leon A. Ellis (1933-1988)

November 4, 2005

To the Board of Trustees
Lansing Community College
Lansing, Michigan

In planning and performing our audit of the basic financial statements of Lansing Community College for the year ended June 30, 2005, we considered the College's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated November 4, 2005, on the financial statements of Lansing Community College or our other reports on internal control.

Prior Year Comments

Software Implementation

During the year the College has implemented many new procedures in addressing the Oracle software conversion. All items have not been resolved. In addition the College experienced employee turnover in the accounting department which prohibited all aspects to be implemented during the fiscal year. The following is the status of our previous year comments.

Payroll Approvals

The following improvements have been implemented in the current year to address the weaknesses identified in the prior year.

- Supervisors must now open time records to approve an individual's time, the ability for a supervisor to approve time without actually viewing it has been eliminated.
- Monthly a report is generated by the human resources department to identify supervisors who failed to approve the time reports of their staff. Appropriate follow up with department heads is done to ensure all supervisors are approving payroll timely, or they will lose their responsibility.
- Employee who process payroll are no longer able to make changes to master payroll files, they have read only access.

Accounts Payable Vendors

Although substantial progress was made in paying vendors in a timely manner, during our testing of selected payable vendors we determined certain transactions requiring a (receiving report, purchase order and invoice match) are not processed timely. In addition the detail subsidiary needs to be reconciled to the general ledger monthly.

This area needs to be reviewed and procedures evaluated to improve this process.

Month-end Procedures

The College has made progress in the month-end procedures related to cash and investments. Several other major balance sheet accounts are not adjusted timely. We recommend continued effort be made to reconcile all major balance sheets accounts monthly, such as receivables, payables and payroll accounts. We also recommend employee benefits expense be reconciled monthly.

Journal Entries

During the year journal entries not prepared by the Director of Accounting were reviewed by the Director of Accounting. Entries posted by the Director of Accounting are not currently reviewed.

We recommend journal entries recorded by the Director of Accounting be reviewed monthly for reasonableness. In addition with the current vacancy at the position of Director of Accounting, someone needs to be designated to review journal entries until this position is filled.

Property and Equipment Depreciation Records

An individual has been assigned the responsibility to review property, plant, and equipment throughout the year. A process has been implemented to track construction in progress on a monthly basis. However the individual responsible for reviewing the property, plant, and equipment accounts does not have general ledger access. To ensure fixed asset records agree with the general ledger this individual should have read only general ledger access. In addition, we recommend depreciation expense be recorded monthly and capital assets be reconciled monthly.

Technology Security Audit

The College contracted with a third party for a technology security audit. The technology security audit was issued in draft form on November 4, 2004. The executive summary of this report identified twelve critical areas to be addressed. Many of the items have been addressed completely or are in the process of being implemented. Two of the items have not been addressed at this time. The College has assigned an individual to oversee information security, formalized security policies and awareness, enhanced training, and developed a disaster recovery/business continuity plan and conducted a formal test of this plan.

We recommend the College continue its efforts to implement the recommendations identified in the security audit and concur with the current plan to have an external review of security every other year.

Government Accounting Standards Board (GASB) Statement #40 “Deposit and Investment Risk Disclosures”

The College has reviewed and updated its investment policy to determine all common risks areas are identified and the appropriate level of risk of each area is quantified.

Current Year Comments

Bank Reconciliations

Bank reconciliations are currently performed monthly for the College, we commend the College for strides in this area during the year, however the following suggestions could improve your process.

We believe when these checks are uploaded into Oracle, that an automated bank reconciliation procedure could reduce the amount of time needed to perform bank reconciliations.

We recommend that bank reconciliations once they are completed be reviewed by an independent person and that adjustments resulting from the reconciliations if any, be posted and reviewed timely.

In addition outstanding checks under 5 years old are not followed up with. Once outstanding checks are 5 years old they are escheated to the state. We recommend the College should follow up on old outstanding checks.

Star Cards

Students at LCC have Star Cards, which allow students to use these cards for various expenses n campus. At the end of the year many students have unused balances relating to these cards that should be accounted for as deferred revenue. The College does not currently track these balances.

We recommend the College put a system to place that enables the College to track unused balances on Star Cards so that the deferred revenue can be more accurately reported.

Software Access

We noted that several employees who have accounting and purchasing responsibilities do not have general ledger access.

We recommend that all employees with accounting responsibility have their general ledger access be reviewed and when appropriate expanded to the various applicable applications.

Tuition Revenue

Currently tuition revenue is recorded primarily in one account in the accounting system. This does not allow for tuition revenue to be separately recorded by semester.

We recommend tuition revenue be recorded by semester separately in the accounting system by semester. This will assist management in reviewing revenue trends and assist in reconciling tuition revenue recorded with student enrollment records.

Reporting

One of Oracles features is its reporting capabilities. Many reports were developed during this past year. Management should continue to investigate what types of reports are available in Oracle that could be helpful in monitoring the operations of the College. Reviewing these reports monthly will give management timely results of the College's operations especially in key areas like tuition revenue and salary and benefits expenses.

Staffing

During the year the College experienced significant turnover in the Accounting Department. Currently the Director of Accounting position is vacant and external assistance is used to reconcile bank accounts to the general ledger.

To the Board of Trustees
Lansing Community College
Lansing, Michigan

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November 4, 2005

We recommend the College review its overall needs in the accounting department. This will allow the College to properly staff the department based on its existing needs.

This report is intended solely for the information and use of Lansing Community College, management, and others within the College, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours

Mamay, Costenisan & Ellis, P.C.

LANSING COMMUNITY COLLEGE
ADDITIONAL REPORTS REQUIRED BY
OMB CIRCULAR A-133
YEAR ENDED JUNE 30, 2005

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Lansing Community College
Lansing, Michigan

November 4, 2005

We have audited the basic financial statements of Lansing Community College, Lansing, Michigan, and its discretely presented component unit as of and for the year ended June 30, 2005, which collectively comprise the Lansing Community College's basic financial statements and have issued our report thereon dated November 4, 2005. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lansing Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Lansing Community College's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2005-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lansing Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to management of Lansing Community College in a separate letter dated November 4, 2005.

This report is intended solely for the information and use of the board of trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

A handwritten signature in black ink that reads "Mamer, Costenisan & Ellis, P.C." The signature is written in a cursive style.

Certified Public Accountants



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Lansing Community College
Lansing, Michigan

November 4, 2005

Compliance

We have audited the compliance of Lansing Community College with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2005. Lansing Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lansing Community College's management. Our responsibility is to express an opinion on Lansing Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lansing Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lansing Community College's compliance with those requirements.

In our opinion, Lansing Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.



Internal Control Over Compliance

The management of Lansing Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lansing Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Lansing Community College and its discretely presented component unit, as of and for the year ended June 30, 2005, and have issued our report thereon dated November 4, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Lansing Community College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the board of trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.



Certified Public Accountants

**LANSING COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Federal grantor/pass-through grantor/program or cluster</u>	<u>Federal CFDA number</u>	<u>Pass-through entity identifying number</u>	<u>Federal expenditures</u>
U.S. Department of Education:			
Student Financial Assistance Program Cluster:			
Federal Supplemental Educational Opportunity Grant Program	84.007		\$ 332,443
Federal Work Study Program	84.033		479,750
Federal Pell Grant Program	84.063		10,108,706
Federal Direct Student Loan (Direct Loan)	84.268		<u>14,369,390</u>
Total Student Financial Assistance Program Cluster			<u>25,290,289</u>
TRIO - Student Support Services	84.042		<u>155,188</u>
CCAMPIS	84.335		<u>27,752</u>
Passed through Michigan Department of Education:			
Vocational Education:			
Perkins II Block	84.048	053510 502115	1,156,028
Fast Track		053290 502915	19,691
Fast Track-International Housing Conference		043290 4029123	702
Fast Track-Entre Curriculum Development		043260 50167	14,484
Fast Track-Teacher Prof. Continuum			26,006
Fast Track-Project Great Start			13,443
Perkins Local leadership		053250 502515	<u>18,007</u>
			<u>1,248,361</u>
Passed through Michigan Department of Education:			
Vocational Education Tech. Prep. (SLICE)	84.243	053540 501414	<u>169,965</u>
Passed through the Ohio State University:			
FAME Grant	84.333		<u>4,652</u>
Total U.S. Department of Education			<u>26,896,207</u>

**LANSING COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

<u>Federal grantor/pass-through grantor/program or cluster</u>	<u>Federal CFDA number</u>	<u>Pass-through entity identifying number</u>	<u>Federal expenditures</u>
U.S. Department of Health and Human Services: Passed through Michigan Department of Community Health: MDMH/MH - Aging	93.778		\$ 44,012
Passed through Capital Area Michigan Works: WIA Incumbent Worker Training	93.558		<u>438,216</u>
Total U.S. Department of Health and Human Services			<u>482,228</u>
Department of Justice Public Safety Partnership and Community Policing Grants	16.710		<u>46,913</u>
U.S. Department of Energy Energy efficiency and renewable energy information dissemination, outreach, training and technical analysis	81.117		<u>234,765</u>
U.S. Small Business Administration: Passed through Grand Valley State University: Small Business Development Center	59.037		<u>163,460</u>
U.S. Environmental Protection Agency: Passed through West Virginia University: National Alternative Fuels Training Program	66.950	93-035C-LCC	<u>3,596</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 27,827,169</u></u>

**LANSING COMMUNITY COLLEGE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2005**

NOTES:

1. Basis of presentation - The accompanying schedule of expenditures of federal awards includes the grant activity of Lansing Community College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133 and reconciles with the amounts presented in the preparation of the financial statements, as follows:
2. The threshold for distinguishing Types A and B programs was \$403,733. The value of loans outstanding and loan guarantees which are included in the schedule of expenditures of federal awards have been excluded from the threshold calculation.
3. Of the expenditures presented in the schedule, the College provided amounts to subrecipients as follows:

Program title	Federal CFDA number	Expenditures
U.S. Department of Education:		
Passed through Michigan Department of Education:		
Vocational Education Tech. Prep. (SLICE)		
Pass-through grantor's number 053540 501414	84.243	\$ 101,080

**LANSING COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

• Material weakness(es) identified? X Yes No

• Reportable condition(s) identified that are not considered to be material weaknesses? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? Yes X No

• Reportable condition(s) identified that are not considered to be material weakness(es)? Yes X None reported

Type of auditors' report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Program Cluster
84.048	Vocational Education

Dollar threshold used to distinguish between type A and Type B programs: \$403,733

Auditee qualified as a low risk auditee? Yes X No

**LANSING COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2005**

Section II - Financial Statement Findings

Reportable Condition 2005-01 - Considered a material weakness

During the year, month-end reconciliations of primary asset and liability accounts were not completed in a timely manner. This resulted in year end adjustments to several accounts.

The College implemented a corrective active action plan during the year, as a result of the 2004 finding. During the year, the College experienced employee turnover with its Director of Accounting. The College amended its plan accordingly, and successfully implemented corrective actions in the area of cash, investments, fixed assets and other areas. However, completion of reconciliations primarily in the area of accounts payable, accrued liabilities and tuition revenue on a monthly basis have not been completed.

Recommendation: The College should complete documentation and implement all new procedures including appropriate review of new procedures. These procedures should include specific month end procedures.

Section III - Federal Award Findings and Questioned Costs

None noted

**LANSING COMMUNITY COLLEGE
SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2005**

Status of 2004-1 finding

The College implemented its corrective action plan. The plan has not been finalized resulting in a related finding for 2005.

**LANSING COMMUNITY COLLEGE
CORRECTIVE ACTION PLAN
NOVEMBER 3, 2005
CONTACT PERSON: BARBARA LARSON
OVERSIGHT AGENCY: U.S. DEPARTMENT OF EDUCATION**

Lansing Community College respectfully submits the following corrective action plan for the year ended June 30, 2005.

Auditor: Maner, Costerisan & Ellis, P.C.
544 Cherbourg Drive, Suite 200
Lansing, Michigan 48917-5010

Audit Period : Year ended June 30, 2005

The finding from the June 30, 2005 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

Finding – Financial statement audit

Reportable condition considered a material weakness 2005-01.

Recommendation: The College should complete documentation and implement all new procedures including appropriate review of new procedures. These procedures should include specific month-end procedures.

Action to be taken: We concur with the recommendation. We have worked diligently to resolve all issues. We are currently in the process of hiring a Director of Accounting as this position is currently vacant. The College has started to implement the above recommendations and anticipate completion of this plan by March, 2006. Recommendations for improvements from this report will also be implemented as part of this plan.

LANSING COMMUNITY COLLEGE
REPORT ON FINANCIAL STATEMENTS
(with additional information)
YEAR ENDED JUNE 30, 2005

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Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raack
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyne

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Lansing Community College
Lansing, Michigan

November 4, 2005

We have audited the accompanying basic financial statements of Lansing Community College and its discretely presented component unit, as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Lansing Community College and its discretely presented component unit, as of June 30, 2005, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2005 on our consideration of Lansing Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis presented on pages v through xvi, is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the basic financial statements of Lansing Community College as a whole. The additional information on pages 20 through 22 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mamer, Costenisan & Ellis, P.C." The signature is written in a cursive style.

Certified Public Accountants

LANSING COMMUNITY COLLEGE MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Lansing Community College's financial statements provides an overview of the College's financial activities for the year ended June 30, 2005. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the accuracy and completeness of this information rests with the College's management.

Using this Report

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

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

Component Unit

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

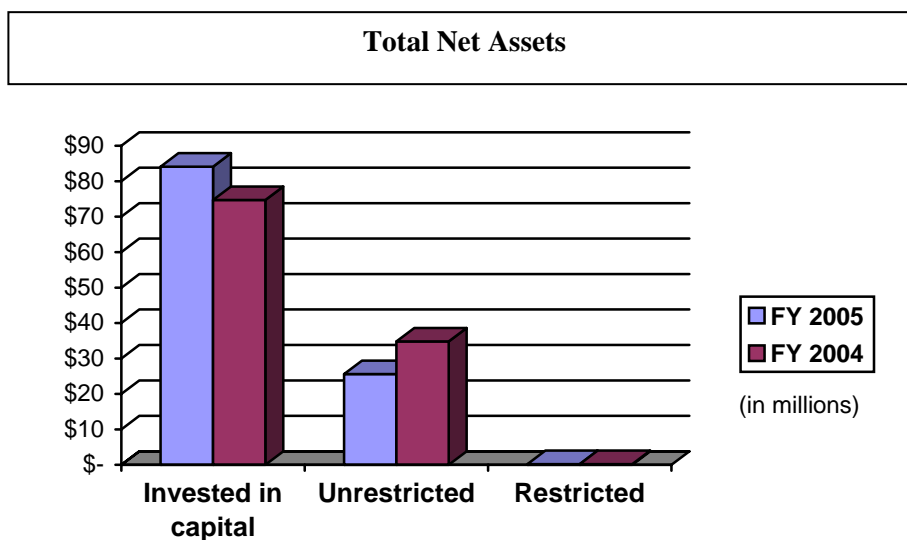
In compliance with this statement, the Lansing Community College Foundation is reported as a component unit of the College and its financial activities are presented separately from the rest of the College's activities in the financial statements, in separate columns headed "Component Unit" this year.

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

**LANSING COMMUNITY COLLEGE
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Financial Highlights

The College’s financial position increased slightly during the fiscal year ended June 30, 2005 with a \$193,599 increase in total net assets. The three major categories of net assets changed somewhat, as shown in the graph below. Although unrestricted net assets as shown here decreased by approximately \$9.2 million, from \$34.8 to \$25.6 million, the majority of this was used toward completion of the College’s facilities master plan. As part of the FY 2005 approved budget, the Board of Trustees approved the use of \$19.6 million from unrestricted fund balances to be used for construction costs.



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

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

These two statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. These statements report Lansing Community College’s net assets and changes in them. When revenues and other support exceed expenses, the result is an increase in net assets. When the reverse occurs, the result is a decrease in net assets. The relationship between revenues and expenses may be thought of as Lansing Community College’s operating results.

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

**LANSING COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Below is an analysis of the major components of the net assets of the College as of June 30, 2005 and 2004, with prior year information shown to the right. The College significantly decreased its cash position (part of current assets) as construction was completed on the new Technical Training Center and the Michigan Technical Education Center (MTEC) in Delta Township. In turn, the College's capital assets, net of depreciation, increased significantly.

Net Assets as of June 30, 2005 and 2004 (*in millions*)

	<u>2005</u>	<u>2004</u>
Current assets	\$ 36.5	\$ 67.2
Non-current assets		
Capital assets, net of depreciation *	143.8	111.7
Other	<u>8.9</u>	<u>9.0</u>
Total assets	<u>\$ 189.2</u>	<u>\$ 187.9</u>
Current liabilities	\$ 18.6	\$ 19.3
Long-term liabilities	<u>60.7</u>	<u>58.9</u>
Total liabilities	<u>79.3</u>	<u>78.2</u>
Net assets		
Invested in capital assets	84.1	74.7
Restricted	0.2	0.2
Unrestricted	<u>25.6</u>	<u>34.8</u>
Total net assets	<u>\$ 109.9</u>	<u>\$ 109.7</u>

A comparison of fiscal year 2005 and 2004 operating results is provided on the following page.

**LANSING COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Operating Results for the Year Ended June 30, 2005 and 2004 (in millions)

	<u>2005</u>	<u>2004</u>
Operating revenues:		
Tuition and fees (net of scholarship allowance)	\$ 21.4	\$ 17.7
Federal grants and contracts	27.8	25.8
State grants and contracts	4.6	3.8
Local grants and contracts	1.4	1.6
Sales and services of educational activities	2.6	2.0
Sales and services of auxiliary activities	1.6	1.3
Miscellaneous	0.2	0.0
	<hr/>	<hr/>
Total operating revenue	59.6	52.2
	<hr/>	<hr/>
Operating expenses:		
Instruction	36.7	33.7
Information technology	6.2	6.3
Public services	0.8	0.5
Instructional support	16.4	13.1
Student services	33.1	31.3
Institutional administration	11.0	13.5
Operation and maintenance of plant	11.6	10.8
Depreciation	9.2	8.0
	<hr/>	<hr/>
Total operating expenses	125.0	117.2
	<hr/>	<hr/>
Net operating loss	(65.4)	(65.0)
	<hr/>	<hr/>
Nonoperating revenues:		
State appropriations	29.2	27.7
Property tax levy	36.1	34.5
Other nonoperating revenues - net	(0.9)	0.7
	<hr/>	<hr/>
Net nonoperating revenues	64.4	62.9
Other revenues:		
Capital grants and contracts	1.2	2.4
	<hr/>	<hr/>
Net increase in net assets	0.2	0.3
Net assets - beginning of year	109.7	109.4
	<hr/>	<hr/>
Net assets - end of year	\$ 109.9	\$ 109.7
	<hr/> <hr/>	<hr/> <hr/>

**LANSING COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Operating Revenues

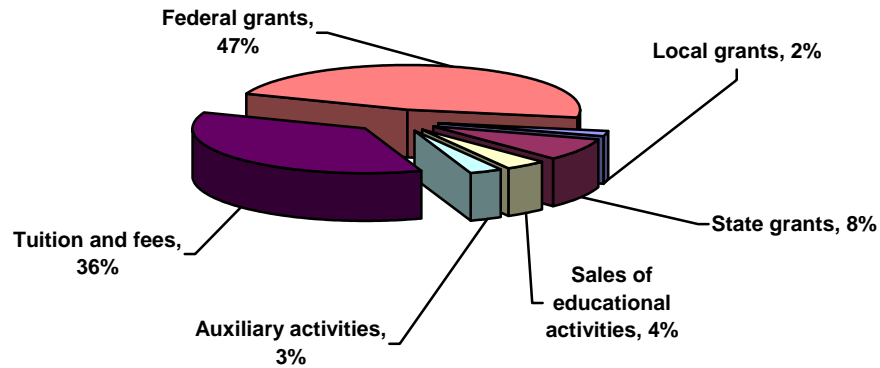
Operating revenues include all transactions that result from the sales and/or receipts of goods and services such as tuition and fees. In addition, certain federal, state, and private grants are considered operating revenues if they are considered a contract for services and are not for capital purposes.

Operating revenue changes were the result of the following factors:

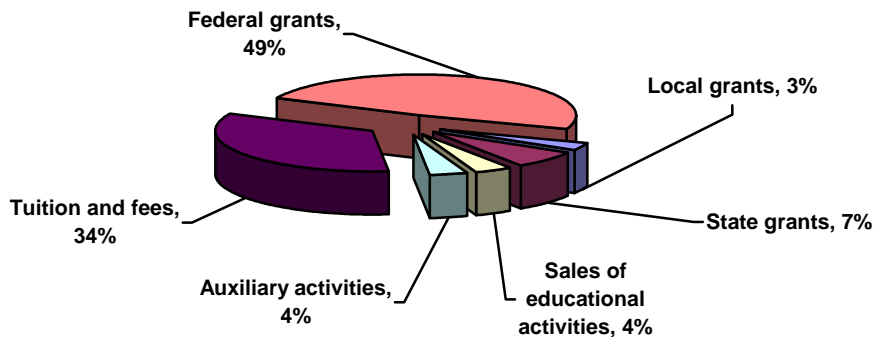
- Tuition and fee revenue increased due to increases in tuition rates and the change to billing hours.
- Federal grants and contracts, which consist of \$27.8 million in federal financial aid, increased approximately \$2.1 million from 2004.
- Sales and services of educational activities and contributions increased by over \$0.6 million. Increases in this category are due to increased activity at the newly opened West Campus location, as well as increases in the contribution made to the College by the LCC Foundation toward student scholarships.
- Sales and Services of Auxiliary Activities were up by more than \$0.3 million primarily due to a 24% increase in parking fee revenues.

The following is a graphic illustration of operating revenues by source for 2005 and 2004:

2005 Operating Revenues by Source



2004 Operating Revenues by Source



LANSING COMMUNITY COLLEGE MANAGEMENT'S DISCUSSION AND ANALYSIS

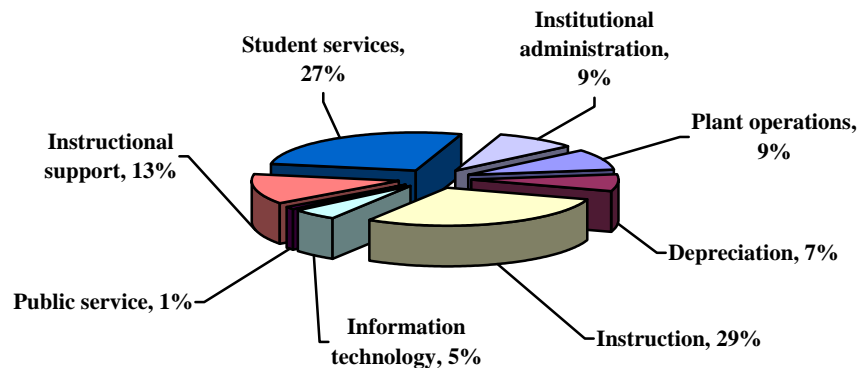
Operating Expenses

Operating expenses are all the costs necessary to perform and conduct the programs and primary purposes of the College. Total operating expenses are up by approximately \$7.8 million. Factors that influence this increase are:

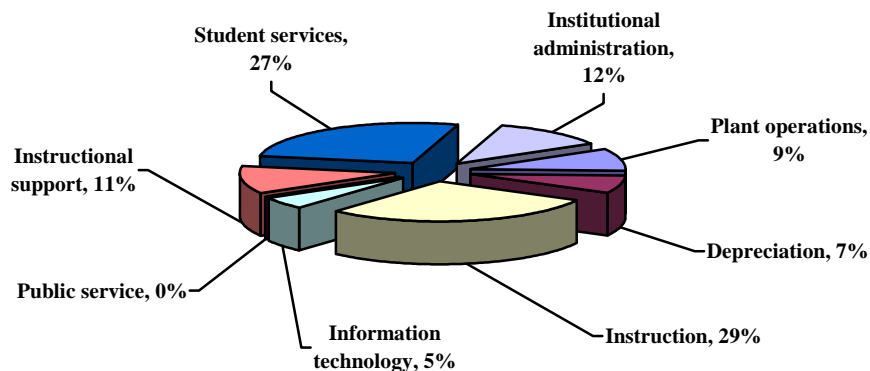
- Instructional costs increased by \$3.0 million due to a net increase in faculty positions after the Early Retirement Incentive Program the prior year and increased program offerings in some high demand programs.
- Student Services costs increased by \$1.8 million primarily due to increases in General Institutional Scholarships for students intended to mediate the effect of billing hours as well as increases in federal financial aid awards to students.
- The College's depreciation expense increased by \$1.2 million. This is because many large, capital projects are now online, as well as accounting for campus infrastructure.
- Institutional administration costs decreased by \$2.5 million. This category includes expendable restricted funds used primarily in capital expenditures when only the general fund is considered, the College's institutional administration costs decreased by approximately \$1.0 million.
- Information technology costs decreased by 0.1 million.

The following is a graphic illustration of operating expenses by category:

2005 Operating Expenses



2004 Operating Expenses



**LANSING COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Nonoperating Revenues (Expenses)

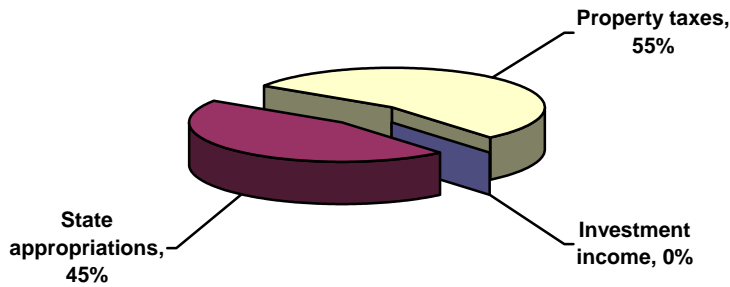
Nonoperating revenues (expenses) are all revenue sources that are mainly non-exchange in nature. They consist primarily of state appropriations, property tax revenue, investment income (including realized and unrealized gains and losses), and grants and contracts that do not require any services to be performed.

Changes in nonoperating revenues (expenses) were the result of the following factors:

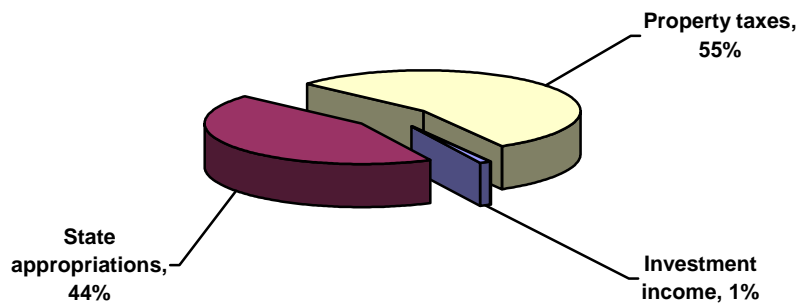
- An increase of 5.4% in state appropriations representing \$1.5 million. This includes the restoration of an Executive Order cut from fiscal year 04.
- An increase of over 4.6% in property taxes representing \$1.6 million.
- A decrease in investment income due to the use of cash reserves to complete construction projects.

The graphs that follow illustrate the distribution of nonoperating revenues (expenses) by source for 2005 and 2004:

2005 Nonoperating Revenue



2004 Nonoperating Revenue



**LANSING COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Statement of Cash Flows

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

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

Cash flows for the year ended June 30, 2005 and 2004 (in millions)

	<u>2005</u>	<u>2004</u>
Cash provided (used) by:		
Operating activities	\$ (57.1)	\$ (58.3)
Noncapital financing activities	65.0	62.4
Capital and related financing activities	(38.4)	(33.4)
Investing activities	<u>19.3</u>	<u>14.8</u>
Net decrease in cash	\$ (11.2)	\$ (14.5)
Cash, beginning of year	<u>13.7</u>	<u>28.2</u>
Cash, end of year	<u><u>\$ 2.5</u></u>	<u><u>\$ 13.7</u></u>

The College's liquidity decreased during the year primarily due to the use of cash reserves to pay contractors for construction completed. The College's ability to meet the current operational needs, however, is still adequate.

**LANSING COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2005, the College had \$143.8 million invested in capital assets, net of accumulated depreciation of \$58.2 million. Depreciation expense totaled \$9.2 million for the current fiscal year. Details of these assets for 2005 and 2004 are shown below:

	<u>2005</u>	<u>2004</u>
Land	\$ 9.9	\$ 9.9
Buildings and improvements	91.6	42.9
Equipment	14.8	17.0
Infrastructure	2.5	2.7
Construction in progress	25.0	39.2
Total	<u>\$ 143.8</u>	<u>\$ 111.7</u>

Major capital additions during the year were (in millions):

- Furniture and equipment \$4.9 million
- Construction in process \$39.2 million

Planned capital expenditures for the fiscal year ending June 30, 2005 included final payments for closing out the MTEC and Technical Training Center construction projects, as well as the completion of the Health and Human Services Building, Administration Building, and renovations that are still underway.

Debt

At year end, the College had some \$63.7 million in outstanding debt including three outstanding bond issues. The 2002 bond issue will be paid off in May of 2012, the 2003 bond issue will be paid off in May of 2022, and the 2005 bond issue will be paid off in May of 2022. The table below summarizes these amounts.

	<u>2005</u>	<u>2004</u>
2002 building & site bonds	\$ 18,550,000	\$ 37,975,000
2003 building & site bonds	19,625,000	20,975,000
2005 building & site bonds	23,105,000	
National City note payable	2,384,000	
	<u>\$ 63,664,000</u>	<u>\$ 58,950,000</u>

During the year, the College advance refunded certain bonds which resulted in an economic gain to the College of \$460,000.

Economic Factors That Will Affect the Future

In fiscal year 2002, Lansing Community College received more than \$32 million in state aid. Since that time, Michigan Community Colleges have lost State funding each year, with LCC's fiscal year 2004 appropriation dropping to under \$28 million. For FY 2005, the College experienced a modest increase in State appropriations. This was due, in part, to the restoration of an Executive Order cut initiated in the prior fiscal year. The State budget picture for education appears to be improving slightly, but the College must continue to identify other sources of revenue beyond State aid.

The College faces continued increases in benefit costs. College health insurance costs have increased by more than \$2 million annually when compared to fiscal year 2001. In addition, the contribution rate to the MPERS system was 12.17% of all wages and salaries in fiscal year 2002. For most of fiscal year 2005, it was 14.87% and increased to 16.34% effective October 1, 2005. The College now budgets nearly \$48 million in salaries and wages (excluding student staff), so each 1% increase in contribution rate equates to approximately \$480,000 more in retirement contribution costs.

While property tax revenue to the College increased by nearly 4.8% compared to fiscal year 2004, Lansing Community College remains near the bottom of Michigan's 28 community colleges in terms of taxable value per Fiscal Year Equated Student (FYES). In fiscal year 2004, the State average property tax per FYES was \$1,839, while LCC's ratio was \$861. Potential district reorganization, in addition to providing in-district access to more students, would provide needed tax support to College operations.

Finally, rising energy costs affect all organizations. The College's Facilities Master Plan construction will add approximately 78,000 square feet of building space when all construction is completed and other buildings are taken offline. The College's emphasis on energy conservation through equipment upgrades and renewable energy sources such as the geothermal system at the new West Campus will help offset the significant financial impact of continually rising energy costs.

Contacting the College's Financial Management

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

**LANSING COMMUNITY COLLEGE
BALANCE SHEET
JUNE 30, 2005**

	Lansing Community College	Component unit Lansing Community College Foundation
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,498,316	\$ 27,542
Short-term investments	21,536,108	1,412,328
Property taxes receivable	1,027,751	
State appropriation receivable	4,973,806	
Federal and state grants receivable	4,564,354	
Accounts receivable	1,739,827	1,639,721
Inventories	83,737	
Prepaid expenditures and deposits	111,727	
	36,535,626	3,079,591
TOTAL CURRENT ASSETS		
LONG-TERM INVESTMENTS	8,352,368	4,307,904
STUDENT LOANS RECEIVABLE	41,922	
PROMISES TO GIVE		133,366
BOND ISSUANCE COSTS	506,696	
PROPERTY AND EQUIPMENT - net of accumulated depreciation	143,801,519	
	<u>\$ 189,238,131</u>	<u>\$ 7,520,861</u>
TOTAL ASSETS		
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of accrued vacation	\$ 208,359	\$
Current portion of debt obligations	3,728,433	
Accounts payable	7,824,648	169,556
Accrued interest payable	550,991	
Accrued payroll and other compensation	4,017,175	
Unearned revenue	2,256,811	
	18,586,417	169,556
TOTAL CURRENT LIABILITIES		
LONG-TERM DEBT OBLIGATIONS	59,935,500	
ACCRUED VACATION	769,246	
	79,291,163	169,556
TOTAL LIABILITIES		
NET ASSETS:		
Invested in capital assets, net of related debt	84,098,914	
Restricted for:		
Restricted fund activities	166,962	
Loan programs	42,851	
Non-expendable		4,307,904
Expendable - scholarships and awards		2,649,631
Unrestricted	25,638,241	393,770
	109,946,968	7,351,305
TOTAL NET ASSETS		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 189,238,131</u>	<u>\$ 7,520,861</u>

LANSING COMMUNITY COLLEGE
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2005

	Lansing Community College	Component Unit <u>Lansing Community College Foundation</u>
REVENUE:		
Operating revenue:		
Tuition and fees (Net of scholarship allowances of \$9,745,682)	\$ 21,388,720	\$
Federal grants and contracts	27,827,169	
State grants and contracts	4,575,191	
Local grants and contracts	1,435,047	
Sales and services of educational activities and contributions	2,603,223	
Sales and services of auxiliary activities	1,610,893	
Miscellaneous	179,355	
Gifts		2,991,130
	<u>59,619,598</u>	<u>2,991,130</u>
TOTAL OPERATING REVENUE		
EXPENSES:		
Operating expenses:		
Instruction	36,707,105	
Information technology	6,189,584	
Public services	802,405	
Instructional support	16,441,751	
Student services	33,083,298	
Institutional administration	11,026,050	
Operations and maintenance of plant	11,558,577	
Depreciation	9,219,598	
Foundation operations and fundraising		420,625
	<u>125,028,368</u>	<u>420,625</u>
TOTAL OPERATING EXPENDITURES		
OPERATING INCOME (LOSS)	<u>(65,408,770)</u>	<u>2,570,505</u>
NONOPERATING REVENUE (EXPENSES):		
State appropriations	29,243,500	
Property tax levy	36,106,835	
Investment income	432,038	429,317
Interest on capital asset - related debt	(1,521,755)	
Other	146,425	
Payments to primary government		(731,008)
	<u>64,407,043</u>	<u>(301,691)</u>
NET NONOPERATING REVENUE (EXPENSES)		
INCOME (LOSS) BEFORE OTHER REVENUES	(1,001,727)	2,268,814
OTHER REVENUES		
Capital grants and contracts	1,195,326	
	<u>193,599</u>	<u>2,268,814</u>
NET INCREASE IN NET ASSETS		
NET ASSETS:		
Beginning of year	109,753,369	5,082,491
End of year	<u>\$ 109,946,968</u>	<u>\$ 7,351,305</u>

See notes to financial statements.

**LANSING COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2005**

	Lansing Community College	Component Unit Lansing Community College Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 22,033,935	\$
Grants and contracts	20,097,054	
Payments to suppliers	(33,461,548)	(183,822)
Payments to employees	(70,198,685)	
Collection of loans from students	4,946	
Educational enterprise charges	2,603,223	
Auxiliary enterprise charges	1,610,893	
Contributions, gifts and other	179,355	1,646,723
Net cash provided (used) in operating activities	(57,130,827)	1,462,901
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local property taxes	35,613,969	
William D. Ford direct lending receipts	13,581,969	
William D. Ford direct lending disbursements	(12,980,852)	
PLUS loan receipts	1,000,044	
PLUS loan disbursements	(1,388,538)	
Student organization agency transactions	(96,451)	
State appropriations	29,224,836	
Payments to primary government		(993,997)
Net cash provided (used) by noncapital financing activities	64,954,977	(993,997)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets excluding capitalized interest	(40,147,660)	
Principal paid on capital debt and payments to escrow on refunding	(22,791,225)	
Proceeds from bank debt issued	2,525,600	
Bonds issued and related premium	23,343,864	
Capital grants	1,000,000	
Interest paid on capital debt	(2,275,166)	
Net cash used by capital and related financing activities	(38,344,587)	
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	21,126,958	3,425,434
Interest on investments	432,038	238,322
Purchase of investments	(2,245,622)	(4,284,223)
Net cash provided (used) by investing activities	19,313,374	(620,467)
NET DECREASE IN CASH	(11,207,063)	(151,563)
CASH - beginning of year	13,705,379	179,105
CASH - end of year	\$ 2,498,316	\$ 27,542

See notes to financial statements.

**LANSING COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2005**

	Lansing Community College	Component Unit Lansing Community College Foundation
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Operating income (loss)	\$ (65,408,770)	\$ 2,570,505
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Depreciation	9,219,598	
Amortization of bond issuance costs	152,061	
Amortization of bond premium	(845,485)	
(Increase) decrease in assets:		
Federal and state grants receivable	295,899	
Accounts receivables (net)	645,215	(1,107,604)
Inventories	(393)	
Prepaid assets and other current assets	149,612	
Loans to students	4,946	
Increase (decrease) in liabilities:		
Accounts payable	(1,516,587)	
Accrued payroll and other compensation	(193,668)	
Accrued vacation	33,607	
Unearned revenue	333,138	
	<u>\$ (57,130,827)</u>	<u>\$ 1,462,901</u>

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Lansing Community College have been prepared in accordance with generally accepted accounting principles (GAAP) as applicable to public colleges and universities as described in GASB Statement No. 35 and the *Manual for Uniform Financial Reporting – Michigan Public Community Colleges, 2001*. The College follows the “business-type” activities model of the GASB Statement No. 35. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods and services.

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

A. Reporting Entity

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

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

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

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Concluded)

During the year ended June 30, 2005, the Foundation distributed \$731,008 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 520 N. Capitol Avenue, Lansing, Michigan, 48901-7210.

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

B. Accrual Basis

The financial statements 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.

C. Cash and Cash Equivalents

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

D. Investments

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

E. Inventories

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

F. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense when necessary and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements and no allowances are currently deemed necessary.

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property and Equipment

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and improvements	40 years
Furniture and other equipment	5-20 years
Infrastructure	10-20 years

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

H. Prepaid Expenditures and Deposits

Expenditures, such as insurance premiums, which are expected to be of benefit within the next fiscal year are included in prepaid expenditures. Deposits paid for equipment not yet received are included in prepaid deposits.

I. Unearned Revenue

Revenues received prior to year-end that are related to the next fiscal period are recorded as unearned revenues. These consist of approximately \$1,724,000 of unearned revenue on the summer semester, which began on June 6, 2005 and ends on August 1, 2005 and \$490,000 related primarily to the restricted funds received in excess of expenditures incurred.

J. Internal Service Activities

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

K. Retirement Plan

Substantially all of the College's employees participate in the Michigan Public School Employees' Retirement System.

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes

Property taxes levied by the College are collected by various municipalities and periodically remitted to the College. The taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. Property tax revenues are recognized when levied to the extent that they result in current receivables. Property taxes receivable are recorded net of an allowance for uncollectibles.

For the year ended June 30, 2005, the College levied 3.8375 mills per \$1,000 of assessed valuation for general operations.

M. Gifts and Pledges

Gifts are recorded when received and pledges are recorded when it is determined that the gift is probable of collection at its net present value.

N. Accrued Vacation

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

O. Long-term Obligations

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

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

P. Unrestricted Net Assets

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

Future capital projects	\$ 13,340,487
Auxilliary activities	1,917,884
Designated for on-campus activities	47,207
Designated for project matching - University Center	2,500,000
Designated for contract implementation	500,000
Encumbrances	399,006
Unrestricted and undesignated	<u>6,933,657</u>
	<u><u>\$ 25,638,241</u></u>

Q. Use of Estimates

The process of preparing basic financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

R. Foundation Reporting

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from 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.

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2005 the College had the following investments:

Investment type	Fair value	Weighted average maturity (years)	Standard & Poor's rating	%
Federal home loan banks	\$ 2,072,828	1.8604	AAA	14.45%
Fannie Mae	4,233,556	2.6237	AAA	29.51%
U.S. Treasury Strips	4,195,750	0.4004	AAA	29.25%
Freddie Mac	936,922	2.3054	AAA	6.53%
U.S. Treasury Notes and Bills	1,319,745	2.4653	AAA	9.20%
Federal National Mortgage Association	846,425	1.3652	AAA	5.90%
FRE Discount	741,175	0.562	AAA	5.17%
Total fair value	<u>\$ 14,346,401</u>			<u>100.00%</u>
Portfolio weighted average maturity		<u>1.6471</u>		

1 day maturity equals .0027, one year equals 1.00

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

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

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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

- No more than \$10,000,000 shall be invested in any of the following:
 1. The certificates of deposit, savings accounts, or share certificates of any one financial institution.
 2. The bankers' acceptances of any one bank.
 3. The commercial paper of any one issuer.
- Investments in commercial paper rated prime 1, certificates of deposit, savings accounts, share certificates, or bankers' acceptances may not exceed 5% of the issuer's net worth at the time of purchase by the College.
- Investments in commercial paper rated prime 2 may not exceed 3% of the issuer's net worth at the time of purchase by the College.
- The investment officer will attempt to match investments with anticipated cash flow requirements to prevent the need to sell securities before maturation.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2005, \$17,840,391 of the College's bank balance of \$18,040,391 was exposed to custodial credit risk because it was uninsured and uncollateralized. Interest bearing accounts and certificates of deposit are included in the above totals.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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

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

1. Bonds, bills or notes of the United States (or of an agency or instrumentality of the United States) or obligations of this state.
2. Negotiable certificates of deposit, savings accounts, or other interest earning deposit accounts of a financial institution. As used in this subdivision, "financial institution" means a bank that is a member of the Federal Deposit Insurance Corporation (FDIC), a savings and loan association that is a member of the Federal Savings and Loan Insurance Corporation (FSLIC), or a credit union whose deposits are insured by the National Credit Union Administration that have their principal office or a branch office in Michigan and which otherwise meets the requirement imposed by law.
3. Bankers' acceptances that are issued by a bank that is a member of the Federal Deposit Insurance Corporation.
4. Commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the Federal Deposit Insurance Corporation.
5. Commercial paper of corporation rated prime by at least one of the standard rating services.
6. Mutual funds, trusts or investment pools composed entirely of instruments that are eligible collateral.
7. Repurchase agreements against eligible collateral of the type specified in subsection (1) hereof; the market value of which must be maintained during the life of the agreements at levels equal to or greater than the amounts advanced. An undivided interest in the instruments pledged for these agreements must be granted to the college and the securities held by an independent custodial bank for the college without any right of set off. The repurchase agreement may allow for the substitution of collateral but shall not otherwise allow for the pledging or transfer of such collateral.
8. Investment pools, as authorized by the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed entirely of instruments that are legal for direct investment by a community college.

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (Concluded)

The carrying amount of deposits for the Foundation, a discretely presented component unit, was \$27,542 and the bank balance was \$298,149. Of the bank balance, \$100,000 was covered by federal depository insurance. The remaining balance of \$198,149 uninsured and uncollateralized for the year ended June 30, 2005.

The Foundation is not subject to Michigan Public Act 331 and therefore invests primarily in equities and bonds in accordance with the Foundation's investment policies.

The Foundations investments at fair value at June 30, 2005 are categorized as follows:

Pooled funds investment trust	\$ 236,502
Pooled equity funds	3,351,908
Pooled funds U.S. securities	<u>2,131,822</u>
Total	<u><u>\$ 5,720,232</u></u>
Short-term investments	\$ 1,412,328
Long-term investments	<u>4,307,904</u>
	<u><u>\$ 5,720,232</u></u>

The above amounts as previously reported in Note 2:

Deposits	\$ 18,040,391
Investments	<u>14,346,401</u>
	<u><u>\$ 32,386,792</u></u>

The above amounts are reported in the financial statements as follows:

Cash and cash equivalents	\$ 2,498,316
Short-term investments	21,536,108
Long-term investments	<u>8,352,368</u>
	<u><u>\$ 32,386,792</u></u>

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – PROPERTY AND EQUIPMENT

The following table presents the changes in the various fixed asset class categories for the year ended June 30, 2005 as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005
Assets not being depreciated:				
Land	\$ 9,849,790	\$	\$	\$ 9,849,790
Construction in progress	39,193,384	39,164,528	53,403,988	24,953,924
 Total non-depreciable capital assets	 49,043,174	 39,164,528	 53,403,988	 34,803,714
Capital assets:				
Buildings and improvements	69,060,886	50,678,748		119,739,634
Furniture and equipment	39,542,696	4,910,309	213,216	44,239,789
Infrastructure	3,204,561			3,204,561
 Total depreciable capital assets	 111,808,143	 55,589,057	 213,216	 167,183,984
 Total capital assets	 160,851,317	 94,753,585	 53,617,204	 201,987,698
Accumulated depreciation:				
Buildings and improvements	26,176,178	1,910,951		28,087,129
Furniture and equipment	22,515,234	7,120,152	195,293	29,440,093
Infrastructure	470,462	188,495		658,957
 Subtotal	 49,161,874	 \$ 9,219,598	 \$ 195,293	 58,186,179
 Capital assets, net	 \$ 111,689,443			 \$ 143,801,519

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2005 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Bonds payable	\$ 58,950,000	\$21,740,000	\$ 19,410,246	\$ 61,279,754	\$ 3,510,000
National City note		2,525,600	141,421	2,384,179	218,433
Accrued vacation	943,998	33,607		977,605	208,359
Total long-term liabilities	<u>\$ 59,893,998</u>	<u>\$24,299,207</u>	<u>\$ 19,551,667</u>	<u>\$ 64,641,538</u>	<u>\$ 3,936,792</u>

The following is a summary of long-term obligations for the College for the year ended June 30, 2005:

2002 building and site bonds due in installments of \$1,875,000 to \$3,150,000 from May 1, 2004 to May 1, 2012 with interest at 3.5% to 5.0%.	\$ 18,550,000
2003 building and site and refunding bonds due in installments of \$690,000 to \$1,545,000 from May 1, 2005 to May 1, 2022 with interest at 2.0% to 5.0%.	19,625,000
2005 building and site and refunding bonds due in installments of \$275,000 to \$3,990,000 from May 1, 2010 to May 1, 2022 with interest at 3.5% to 5.0%.	21,740,000
Plus: premium on bond refundings	2,947,035
Less: deferred loss on bond refundings	<u>(1,582,281)</u>
Total bonded debt	61,279,754
Bank note payable for HVAC equipment, monthly payments of \$25,152 with interest at 3.65% and a maturity date of October 2014.	2,384,179
Accrued vacation	<u>977,605</u>
Total long-term liabilities	<u>\$ 64,641,538</u>

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - LONG-TERM DEBT (Continued)

On March 14, 2005, Lansing Community College issued general obligation bonds of \$21,740,000 with an interest rate ranging from 3.50% to 5.00% to advance refund bonds with an interest rate ranging from 5.0% to 5.50%. The bonds mature on May 1, 2022. The general obligation bonds were issued at a premium after paying issuance costs of \$1,337,403 which includes the underwriters discount, the net proceeds were \$23,343,864. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in a irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the College's government-wide financial statements.

As a result of the advance refunding, the College reduced its total debt service requirements by \$576,162, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$460,201.

Current maturities at June 30, 2005 are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2006	\$ 3,728,433	\$ 2,852,500	\$ 6,580,933
2007	4,016,539	2,662,831	6,679,370
2008	4,224,947	2,517,952	6,742,899
2009	4,463,665	2,361,182	6,824,847
2010	4,117,712	2,169,932	6,287,644
2011-2015	23,252,883	7,912,072	31,164,955
2016-2020	14,995,000	2,528,320	17,523,320
2021-2023	3,500,000	245,804	3,745,804
Premium on refunding	2,947,035		2,947,035
Loss on refunding	(1,582,281)		(1,582,281)
Accrued vacation	977,605		977,605
Total	<u>\$ 64,641,538</u>	<u>\$ 23,250,593</u>	<u>\$ 87,892,131</u>

Interest is payable semi-annually at rates ranging from 2.0% to 5.0%. The principal and interest are payable from designated property tax levies. Certain bonds are callable at par and accrued interest plus a premium. Total interest charged to expense for the year ended June 30, 2005 was \$1,521,755. This amount was reduced by interest capitalized in relation to various construction projects, which amounted to \$1,204,232.

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - LONG-TERM LIABILITIES (Concluded)

In prior years, the College defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. At June 30, 2005, \$21,390,000 of bonds outstanding are considered defeased.

NOTE 5 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN

Plan Description - The College contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the twelve member board of the MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30673, Lansing, Michigan 48909-8103 or by calling (517) 322-6000.

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

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

The College is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year were 12.99% through September 30, 2004 and 14.87% for October 1, 2004 through June 30, 2005. The contribution requirements of plan members and the College are established and may be amended by the MPERS Board of Trustees. The College contributions to MPERS for the year ended June 30, 2005, 2004 and 2003 were \$6,348,481, \$5,481,896 and \$5,468,016, respectively, equal to the required contribution for each year.

The College is not responsible for the payment of retirement benefits, which is the responsibility of the State of Michigan.

Other post employment benefits - Under the MPERS' Act, all retirees have the option of continuing health, dental, and vision coverage.

**LANSING COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - OPTIONAL RETIREMENT PROGRAM - DEFINED CONTRIBUTION PLAN

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

Funding Policy - The contribution requirements of plan members and the College are established by the plan document as 4.3% and 12.0% of MPSERS compensation, respectively. Institutional plan contributions will only be made for participants who have authorized the required participant plan contribution. Participant contributions are fully vested and non-forfeitable when made. Institutional contributions vest after 2 years of continuous full-time service as interpreted under MPSERS guidelines. The participant and College contributions to ORP for the year ended June 30, 2005 were \$254,580 and \$695,358 and for June 30, 2004 were \$227,420 and \$636,477 and for June 30, 2003 were \$208,696 and \$582,658, respectively.

NOTE 7 - RISK MANAGEMENT

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

The Middle Cities Risk Management Pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Pool, which the Pool uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the College. The College has purchased reinsurance should any claims exceed the retention limits.

NOTE 8 - COMMITMENTS, CONTINGENCIES AND CAPITAL OUTLAY

There are various lawsuits in which the College is a defendant. It is the opinion of College officials that the potential claims in excess of insurance coverage resulting from the remaining litigation would not have a material effect on the financial statements.

The College has numerous construction, renovation, capital improvement projects and a management information system implementation project in process at June 30, 2005. Total future commitments related to these projects approximates \$3,200,000.

ADDITIONAL INFORMATION

**LANSING COMMUNITY COLLEGE
COMBINING BALANCE SHEET
JUNE 30, 2005**

	Combined total	General fund	Designated fund	Auxiliary activities fund	Expendable restricted fund	Student loan fund	Plant fund	Agency fund
ASSETS								
CURRENT ASSETS:								
Cash and cash equivalents	\$ 2,498,316	\$ 2,496,816	\$	\$	\$	\$	\$	\$ 1,500
Short-term investments	21,536,108	4,128,354		2,294,336			15,113,418	
Property taxes receivable	1,027,751	1,027,751						
State appropriation receivable	4,973,806	4,973,806						
Federal and state grants receivable	4,564,354				4,564,354			
Accounts receivable	1,739,827	1,015,588	538,880	108,117			77,242	
Inventories	83,737			83,737				
Prepaid expenditures and deposits	111,727	33,792	698				75,270	1,967
Due from (due to) other funds		222,278	(394,068)	(406,700)	(3,411,403)	929	3,922,523	66,441
TOTAL CURRENT ASSETS	36,535,626	13,898,385	145,510	2,079,490	1,152,951	929	19,188,453	69,908
LONG-TERM INVESTMENTS	8,352,368	4,526,318					3,826,050	
STUDENT LOANS RECEIVABLE	41,922					41,922		
BOND ISSUANCE COSTS	506,696						506,696	
PROPERTY AND EQUIPMENT:								
Land and improvements	9,849,790						9,849,790	
Construction in progress	24,953,924						24,953,924	
Buildings and improvements	119,739,634						119,739,634	
Equipment	44,239,789						44,239,789	
Infrastructure	3,204,561						3,204,561	
Allowance for depreciation	(58,186,179)						(58,186,179)	
TOTAL PROPERTY AND EQUIPMENT	143,801,519						143,801,519	
TOTAL ASSETS	\$ 189,238,131	\$ 18,424,703	\$ 145,510	\$ 2,079,490	\$ 1,152,951	\$ 42,851	\$ 167,322,718	\$ 69,908
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Current portion of accrued vacation	\$ 208,359	\$ 208,359	\$	\$	\$	\$	\$	\$
Current portion of debt obligations	3,728,433						3,728,433	
Accounts payable	7,824,648	1,435,528	98,303	118,935	496,440		5,668,393	7,049
Accrued interest payable	550,991						550,991	
Accrued payroll and other compensation	4,017,175	3,954,316						62,859
Unearned revenue	2,256,811	1,724,591		42,671	489,549			
TOTAL CURRENT LIABILITIES	18,586,417	7,322,794	98,303	161,606	985,989		9,947,817	69,908
LONG-TERM DEBT OBLIGATIONS	59,935,500						59,935,500	
ACCRUED VACATION	769,246	769,246						
TOTAL LIABILITIES	79,291,163	8,092,040	98,303	161,606	985,989		69,883,317	69,908
NET ASSETS:								
Invested in capital assets, net of related debt	84,098,914						84,098,914	
Restricted for:								
Restricted fund activities	166,962				166,962			
Loan programs	42,851					42,851		
Unrestricted	25,638,241	10,332,663	47,207	1,917,884			13,340,487	
TOTAL NET ASSETS	109,946,968	10,332,663	47,207	1,917,884	166,962	42,851	97,439,401	
TOTAL LIABILITIES AND NET ASSETS	\$ 189,238,131	\$ 18,424,703	\$ 145,510	\$ 2,079,490	\$ 1,152,951	\$ 42,851	\$ 167,322,718	\$ 69,908

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUE, EXPENSES, TRANSFERS, AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2005

	Combined total	Elimination	General fund	Designated fund	Auxiliary activities fund	Expendable restricted fund	Student loan fund	Plant fund
REVENUE:								
Operating revenue:								
Tuition and fees (net of scholarship allowance of \$9,745,682)	\$ 21,388,720	\$ (9,745,682)	\$ 30,883,698	\$ 250,704	\$	\$	\$	\$
Federal grants and contracts	27,827,169					27,827,169		
State grants and contracts	4,575,191					4,575,191		
Local grants and contracts	1,435,047		1,035,183			399,864		
Sales and services of educational activities and contributions	2,603,223		1,334,623	1,210,897		57,703		
Sales and services of auxiliary activities	1,610,893				1,610,893			
Miscellaneous	179,355		171,715			7,640		
TOTAL OPERATING REVENUE	59,619,598	(9,745,682)	33,425,219	1,461,601	1,610,893	32,867,567		
EXPENSES:								
Operating expenses:								
Instruction	36,707,105		36,184,033		77,994	445,078		
Information technology	6,189,584		6,189,584					
Public services	802,405		199,638	102,891		499,876		
Instructional support	16,441,751		14,243,264	3,559	289,979	1,904,949		
Student services	33,083,298	(9,745,682)	9,252,742	1,019,760	1,364,644	31,191,834		
Institutional administration	11,026,050		9,058,098	761,553		1,206,399		
Operations and maintenance of plant	11,558,577		7,510,790			126,566		3,921,221
Depreciation expense	9,219,598							9,219,598
TOTAL OPERATING EXPENDITURES	125,028,368	(9,745,682)	82,638,149	1,887,763	1,732,617	35,374,702		13,140,819
OPERATING LOSS	(65,408,770)		(49,212,930)	(426,162)	(121,724)	(2,507,135)		(13,140,819)
NONOPERATING REVENUE (EXPENSES):								
State appropriations	\$ 29,243,500	\$	\$ 29,243,500	\$	\$	\$	\$	\$
Property tax levy	36,106,835		36,106,835					
Investment income	432,038		388,259		8,865			34,914
Interest on capital asset - related debt	(1,521,755)							(1,521,755)
Other	146,425							146,425
NET NONOPERATING REVENUE (EXPENSES)	64,407,043		65,738,594		8,865			(1,340,416)
INCOME (LOSS) BEFORE OTHER REVENUES	(1,001,727)		16,525,664	(426,162)	(112,859)	(2,507,135)		(14,481,235)
OTHER REVENUES:								
Capital gifts and grants	1,195,326					1,195,326		
INCREASE IN NET ASSETS	193,599		16,525,664	(426,162)	(112,859)	(1,311,809)		(14,481,235)
TRANSFERS IN (OUT)			(14,631,526)	217,661	(2,362,483)	1,319,666		15,456,682
NET INCREASE (DECREASE) IN NET ASSETS	193,599		1,894,138	(208,501)	(2,475,342)	7,857		975,447
NET ASSETS - Beginning of year	109,753,369		8,438,525	255,708	4,393,226	159,105	42,851	96,463,954
NET ASSETS - End of year	\$ 109,946,968	\$	\$ 10,332,663	\$ 47,207	\$ 1,917,884	\$ 166,962	\$42,851	\$ 97,439,401

**LANSING COMMUNITY COLLEGE
DETAILS OF AUXILIARY ACTIVITIES FUND
YEAR ENDED JUNE 30, 2005**

	Fund balance 07/01/04	Revenues	<u>Expenditures</u>			Revenues over (under) expenditures and transfers	Fund balance 06/30/05
			Salaries and wages	Fringes, supplies and expenses	Transfers in (out)		
Food operations	\$ 621,737	\$ 171,443	\$ 85,168	\$ 162,442	\$	\$ (76,167)	\$ 545,570
Parking facility	3,736,844	1,038,555	296,332	820,703	(2,362,483)	(2,440,963)	1,295,881
Book service	34,645	409,760	8,095	359,877		41,788	76,433
	<u>\$ 4,393,226</u>	<u>\$ 1,619,758</u>	<u>\$ 389,595</u>	<u>\$ 1,343,022</u>	<u>\$ (2,362,483)</u>	<u>\$ (2,475,342)</u>	<u>\$ 1,917,884</u>

**LANSING COMMUNITY COLLEGE
STATE OF MICHIGAN
JOINT CAPITAL OUTLAY COMMITTEE RESOLUTION**

A regular meeting of the Board of Trustees of Lansing Community College was held in the Administration Building Board Room, 610 North Capitol Avenue, Lansing, Michigan 48933, in the Community College district, on **December 12, 2005**, at 5:00 o'clock p.m., prevailing Eastern Time.

PRESENT: _____

ABSENT: _____

The following preamble and resolution were offered by Trustee _____ and supported by Trustee _____.

WHEREAS, the Joint Capital Outlay Committee of the Senate of the State of Michigan has requested Michigan Community Colleges adopt a resolution acknowledging review and acceptance of the Use and Finance process; and

WHEREAS, Lansing Community College identifies and describes its most critical capital outlay projects in excess of \$1,000,000 in the Capital Outlay Plan submitted annually to the State of Michigan Department of Management and Budget; and

WHEREAS, Lansing Community College has established policies and procedures to assure compliance with these and other laws and policies of the state, including but not limited to use of the 2001 Manual for Uniform Financial Reporting, timely submission of the College's audited financial statements, of each year, timely changes in approved tuition and, provision of required enrollment information, and compliance with the Crime Awareness and Campus Security Act of 1990.

NOW, THEREFORE, BE IT RESOLVED that Lansing Community College has reviewed and accepts the Joint Capital Outlay Subcommittee Use and Finance process established in policy and law.

AYES: _____

NAYES:

RESOLUTION DECLARED ADOPTED.

Secretary, Board of Trustees
Lansing Community College

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Trustees of Lansing Community College, State of Michigan, at a Regular Meeting on December 12, 2005, and that public notice of said meeting was given pursuant to and in full compliance with Act. No. 267, Public Acts of Michigan, 1976, and that minutes of the meeting were kept and will be or have been made available as required by said Act 267.

Secretary, Board of Trustees
Lansing Community College

**LANSING COMMUNITY COLLEGE
BOARD OF TRUSTEES
November 21, 2005
Regular Meeting
Unadopted Meeting Minutes**

CALL TO ORDER

The meeting was called to order at 6:07 p.m.

ROLL CALL

Present: Brannan, Lavery, Pelleran, Proctor, Rasmusson, Smith
Absent: Canady

Trustee Canady arrived at 6:10 p.m.

PLEDGE OF ALLEGIANCE

Trustee Brannan led the pledge of allegiance.

Chairperson Lavery requested that everyone remain standing to observe a moment of silence in recognition of civil rights activist Ms. Rosa Parks.

ADDITIONS/DELETIONS TO THE AGENDA

IT WAS MOVED by Trustee Pelleran and supported by Trustee Brannan to delete from the President's Report, action item #2, Human Resources – Administrative Appointments and Terminations.

There was no discussion.

Roll call vote:

Ayes: Brannan, Lavery, Pelleran, Proctor, Rasmusson, Smith

Nays: None

Absent: Canady

Motion carried.

LIMITED PUBLIC COMMENT REGARDING AGENDA ITEMS

Joe Warren – I'm Joe Warren with the Department of Humanities and Performing Arts. Been here...this is my 37th ½ year. Three quick points for the Board to consider. The Board is getting packets from various faculty about the hostile working environment. Where Deans and some department chairs have created very nasty working conditions to create a culture of compliance, of shall we say,

bureaucratic rules that would bring tears to the eyes of Confucius. Coupled with a lack of a vision of what this institution could be where we could build a very powerful academic institution to serve the mid-Michigan area. That coupled with rock-bottom salaries makes it extremely difficult to recruit good, competent faculty and staff to build and fill up these programs. So, what I am requesting of the Board is to send an absolutely clear and unequivocal commitment to excellence by re-establishing parameters to allow this college to become competitive with other colleges with respect to salaries and benefits. By setting those negotiation parameters where we can really recruit top-notch faculty. Thank you very much.

Beckie Beard – Hello, I'm Beckie Beard, Director of Purchasing and this is under the finance part of the agenda tonight. And in 1995 the National Purchasing Institute established a program designed to recognize organizational excellence in public procurement. The Achievement of Excellence in Procurement Award is awarded annually to county, city, state, and higher education organizations that demonstrate excellence in innovation, professionalism, productivity, and leadership. In addition to the National Purchasing Institute several other national organizations are recognizing this award and Lansing Community College was recognized with its third achievement of excellence award at the November 14th meeting. And, this award is for the Board and for President Cunningham and we've received it three years in a row, and so, I want to give it to you tonight.

President Cunningham – Thank you. I'd just like to add – she's being very gracious. There is no one in this country that's better at Purchasing than Beckie Beard and her wonderful staff. So, this is for them.

Chairperson Laverty – Thank you, Beckie. We know where the credit lies.

MAHE Budget Presentation

Sally Pierce – Thank you very much. I asked to be placed on the agenda tonight because my team wanted me to come and talk to you and we weren't sure we could fit it into a couple of minutes. I'm going to try to be brief, but, here goes. Good evening Trustees, President Cunningham, LCC faculty, staff, and community members, I'm Sally Pierce, President of the LCC Faculty Association and I'm here tonight as the chief spokesperson of the faculty negotiations team. My team asked me to ask for time tonight on the Board agenda. A privilege guaranteed to us in Article V, Section H of our contract. Thank you for respecting that privilege and placing me on your agenda. The topic I wish to address is the LCC budget as it affects contract negotiations. And I know I must choose my words carefully tonight because we don't believe it's in labor's or management's best interest to bargain publicly. Yet, because we are distressed that we haven't yet reached agreements on healthcare or salary and over 1,260 faculty are anxious for settlement. I must tell you and the public of that anxiety. We need you to think with us tonight about budget priorities for LCC and as I said, I'm

going to try to keep this very brief. I thought about bringing in more comparables, more whatever. I don't think you need that, but if you do, I'd be happy to supply that to you. We believe salary and benefits for faculty must be a high priority for you as you address the LCC budget. You've seen the demonstration tonight in support of the Healthcare Task Force's last proposal for healthcare. And I would like to thank all those union members, friends, family members, and tax payers who came out to support Labor's wellness plan tonight. I would ask that the Board ask to see the Coalition's last proposal on healthcare which we gave to management on November 16th, 2005. Ask them to cost it out for you. The proposal management countered with costs slightly less, but shifts costs to employees and would force us to change providers and accept less coverage. These costs shifts aren't necessary and they are based on a bid which we expect and suspect will be changed by the vendor as soon as they legally can. The costs of the Task Force's proposal are reasonable and fair. Healthcare is a necessity for working people and our families and the faculty at LCC believe that we deserve high-quality healthcare. We're willing to pay part of the premium co-pay even when faculty at other institutions pay less because we know our managers believe that employees should not be blind to the costs of healthcare. We aren't willing to switch carriers at this point. Disrupt the lives of our members or shift still more costs to them in the form of higher drug co-pays and other coverage losses. We don't believe that LCC's budget suggests that this is necessary and we are angered by suggestions that we should be satisfied with adequate healthcare. Last year's budget was \$103 million. That figure is unaudited, but we believe that it is accurate and expect auditors to confirm it. We've had discussions with management about that number, so we believe that's an accurate number. MAHE's health costs are about half of LCC's represented labor's costs. And we suggest that you look at the percent of the budget expended by LCC for employee healthcare. Particularly from the Labor Coalition's perspective we ask that you study the percent of the budget expended for labor's healthcare. We believe that you will find little change in that percentage between this year and next, if you accept our current proposal. We also ask that you study this year's projected total budget. Particularly in light of the settlement before you tonight concerning Lansing Township and the Downtown Development Authority and LCC. We believe that the total projected budget figure for 05/06 is low. LCC's budget officers cautiously projected \$102.5 million, but MAHE believes that is a low projection. We believe that you actually have more money than that to fund salaries and benefits. I intended to bring back the posters you saw before because those are the numbers we keep staring at, but in the hustle and bustle of getting ready for today and getting ready to teach, I didn't end up bringing my foam board things, but part of that is on the back of this shirt, so if you forget we can generate that for you too. We're asking for more money for part-time healthcare for our members. We remind you that the \$80,000 currently expended for part-time faculty benefits was paid for by all part-time faculty. MAHE bargained that figure as a part of a total compensation package for part-time faculty during the last contract. It works out to less than \$80 per part-time faculty member for each part-time faculty member who's an

LCC employee. What we're currently working on is we're trying to bring healthcare to all part-time employees here on campus. We know well that not all part-time faculty members use this benefit, but we bargain for all of us and believe that it is right to ask LCC to help fund the healthcare needs of its largest group of faculty. The current offer from the healthcare coalition would improve things for part-time faculty and other part-time employees. And we believe it's the right thing to do. Furthermore, we believe that our proposal protects the institution from unforeseen risks of extending benefits to this large pool of part-time workers. Finally, MAHE asks you to look at all budget priorities and consider expanding the negotiation parameters for the faculty contract. How do your current parameters fit with President Cunningham's stated desire to bring faculty wages in line with other institution's wages? We're not willing to accept creating internal inequities within our unit by giving more money to those at the top of the schedule only in order to make our maximums look more competitive while actually decreasing wages for those members in the steps or by giving money only to classroom faculty. You must help our institution to do better for all LCC faculty. We're willing to help you. And the negotiators working on salary tell me that they've had productive discussions with management's team about many of these issues, but so far we've not found solutions. We're here to commit to find more time to work on the remaining salary issues. We need to settle the faculty contract now or very soon. Help us by examining the budget. Don't justify not finding the money by talking to us about one-time expenditures or revenue streams. Look at the total unallocated budget. We believe faculty must become a budget priority prior to more buildings, prior to landscaping projects, prior to middle and upper management expansion. We teach and support the students who are the reason for the existence for this institution and the reason why we're all here. Our classes generate the tuition dollars and fees and justify the state revenue sharing and the grant money given to this non-profit institution. Our classes are one reason many members had to come late to the picket or could not attend this meeting. Study LCC's budget. Find the money to help settle this contract. We don't want mediation and we don't need labor unrest as an institution. We want and deserve a fair settlement for all of our contract issues. Find the money for salaries and benefits and encourage your bargainers to find more time in their schedules to meet with us in the next month and a half. We'll be proposing more times to them tomorrow. Thank you for your time tonight. I know you have many issues to consider and please reconsider LCC's budget priorities in light of a commitment to faculty. That's it.

CHAIRPERSON AND BOARD MEMBER REPORTS

Chairperson Laverty

Bylaws Discussion

Chairperson Laverty distributed information regarding the bylaw changes that were made at the October 17 meeting. This information is intended to provide

clarification on the questions received from the College. He read the document aloud (it is on file with the official Board materials.)

IT WAS MOVED by Trustee Pelleran and supported by Trustee Brannan for the document to be entered into the record in its entirety.

Chairperson's Bylaw Discussion

At the previous LCC Board of Trustees meeting, October 17, 2005, certain bylaw changes were presented and approved unanimously by those Board members present. Questions and requests for clarification have been forwarded to the Board since the last meeting:

Emergencies

Some concerns are addressed by referring to the Purchasing Policy. Under III-D-2 a process is in place in emergency situations. It says, "In cases where delaying a purchase until the next regularly scheduled Board meeting or until a special meeting is called would result in an undue expense or in cases of an emergency, the President will inform the Board Chairperson or his/her alternate of the need to proceed with a purchase and request his/her approval. A special meeting of the Board will be called if reasonably possible. If a special meeting cannot be scheduled, because of the urgency of the situation, every effort will be made to contact all Board members to seek their input prior to final approval being given by the Board Chair or his/her alternate. Members of the Board shall be notified of the final disposition of the purchase and its approval immediately.

Consultant Contracts

A request was made by the Chair for a list of the names of consultants/instructors that had been used by LCC so that the Board could review with the intent of providing approval for their services.

A list of 133 consultants/instructors used through BCI, with their area of expertise and what services they offer, was provided to the Board on November 7. The Board reviewed the list and has notified the College of those approved until further notice.

Evaluations

The Board, with assistance from the College and its Labor Coalition will develop a 360 degree evaluation process. The Board will not abrogate any contractual provision pertaining to evaluations or due process. The Board will examine evaluations conducted by college personnel (the direct reports and peers) who will now have responsibility for assessing the performance of those persons occupying positions identified in the bylaw amendment.

Terminations

The Board does not seek to review or approve student employee or voluntary quit types of terminations.

When an employee is fired, the Board is ultimately named in any subsequent lawsuit and then has the responsibility to determine how best to settle. Often this may entail the pay out of significant College funds. However, previously the Board was not made aware of such case, normally, until it reaches arbitration. The Board expects to be informed at the earliest possible point in the process.

For personnel on a contract of employment, the board wants to be informed of the reasons for not continuing or renewing a contract.

Hiring Process

The Board will be reviewing various issues surrounding the current staffing policy and hiring. It is the intent of the Board to seek input from the College, its Labor Coalition and the community.

Presentations/Planned Travel

LCC personnel will not be participating in any presentations regarding the Oracle Collaboration Suite until assured that it is viable and the risk has been fully explored.

Contracts/Bids

Grand Rapids and Jackson Community College also use Policy Governance. The Board would like to explore their notification and approval format process in the future for our contracts and bids.

Legal Services

The college has a General Counsel, Mr. Tim Zeller, Esq. He has been authorized, until further notice, to secure legal counsel, if and when necessary, in order to respond to a lawsuit in a timely manner. The college has been asked to provide a list of legal services firms that they have used and the board may have further discussion on this.

Health and Human Services

The bylaws enacted have no negative effect upon contracting or selection of clinical sites.

Diversity/ADA

The bylaws enacted have no negative effect upon the College or Board's goals of diversity initiatives or on the American Disabilities Act.

It is not the Board's intent to create any negative impact upon the college as a result of these bylaws. The Board will uphold its responsibilities to the community.

Trustee Smith was not concerned about the changes made to the bylaws, but the approach to the changes that have been offered. She said when an organization seeks to bring about change, it's not always easy, but it is something that both

sides will have to work toward. She stated that concerns should not only be brought to the Board regarding the bylaws, but also the Board needs to receive recommendations from staff as to how to navigate with the changes that the Board is striving for. Trustee Smith asked that staff be creative and innovative in thinking in a new way and how we govern ourselves. The Carver model is a philosophy of this Board, but the Carver model is to be a tool and not to be the guide. She believes the Board is seeking out help not just from staff, but also other colleges that are using forms of shared governance to work well with staff and with this Board. The changes that have been brought forth are not intended to impede the College from handling its business, but to do business in a whole new way.

Roll call vote:

Ayes: Brannan, Canady, Laverty, Pelleran, Proctor, Rasmusson, Smith

Nays: None

Absent: None

Motion carried.

Information and Announcements

Chairperson Laverty made the following announcements:

- At the June District 11 American Welding Society meeting the section officers elected Lansing Community College professor William Eggleston to represent its district at the National Leadership Symposium held annually in July in Miami, Florida. Chairperson Laverty shared Mr. Eggleston service history with the American Welding Society. He offered congratulations to Mr. Eggleston. Chairperson Laverty shared that the College will be training the welders at General Motors in how to weld 8 10 inch diameter steam pipes, which is a very critical and extremely important craft.
- He attended a performance art event and a basketball game last month.
- He thanked President Cunningham for the Veterans' Day Ceremony on November 11. He shared that Trustees Proctor, Pelleran, and Smith also attended.
- On November 2 House Bill 5400 was introduced which is the bill for the reorganization of community colleges. He shared that in 1993 this bill was introduced and it passed the House and failed the Senate. After the College's experience with the St. Johns community expansion of services ballot proposal, the administration introduced this legislation to the Michigan Community College Association (MCCA) last spring. The MCCA supported this and it now has been introduced in the legislature.

- He attended the LCC East Open House on November 10. He was very impressed with the facility. The entire top floor is housed by Lansing Community College and the first floor is being remodeled in anticipation of future growth.

President Cunningham announced that an open house for the community is being planned in January.

Board Members

Trustee Proctor – Workforce Development Board

Trustee Proctor reported that the College was one of four applicants seeking approval for funding from the Capital Area Michigan Works! Workforce Development Board for the High School Youth Completion Program. The College was successful in its application and will be receiving approximately \$280,000. He recognized the efforts of President Cunningham and Chairperson Laverty with respect to that initiative. He shared that in the past three years there were two attempts to begin a similar program; however, it was not until President Cunningham and Chairperson Laverty became involved in this effort that it moved forward.

Chairperson Laverty recognized Vice President Rich Howard, Dr. Stanley Chase, Ms. Toni Glasscoe and others from Lansing Community College. He also recognized those from the Ingham Intermediate School District and the Lansing School District that worked on this initiative.

President Cunningham thanked everyone who worked on this. The need is critical and she hopes it is a business we grow out of soon. She hopes that one day in the future we will not have high school dropouts. Somebody has to step up and do something for the 1,300 students without a high school degree in the Lansing area.

Trustee Rasmusson – Ad Hoc Committee Inquiry Report & Financial and Budget Matters

Ad Hoc Committee Inquiry Report—

Trustee Rasmusson reported that the Ad Hoc Committee has been reviewing why there were registration and financial aid difficulties in the summer and fall. On November 4 the Committee advised Chairperson Laverty that there were over 2,000 documents to study and collate and possibly another 100,000 more to review. The Committee would need to have legal counsel and paralegal type services and have Sungard Collegis do an evaluation to see what can be done to straighten out the situation. They've also consulted with BDO Seidman Auditors.

IT WAS MOVED by Trustee Rasmusson and supported by Trustee Smith to authorize the Chairperson to secure the services of BDO Seidman; a consultant from Sungard Collegis; services of Foster, Swift, Collins and Smith; Ms. Jan Lazar, CFP and the Mercer Group; and a paralegal.

Trustee Smith asked for clarification regarding the Oracle situation. It was her understanding that there was not a problem with the procurement of the system, but the Committee is looking into how the system has been administered and managed.

Trustee Rasmusson responded that there isn't a slightest doubt of what Ms. Beckie Beard did, but the Committee is trying to figure out how to get out of this, what it needs and where the problem came from.

Roll call vote:

Ayes: Brannan, Canady, Laverty, Pelleran, Proctor, Rasmusson, Smith

Nays: None

Absent: None

Motion carried.

Financial and Budget Matters—

Trustee Rasmusson reported that the Audit Committee received the Year-end Financial Audit and there were some questions that needed to be answered.

IT WAS MOVED by Trustee Rasmusson and supported by Trustee Pelleran that the following resolution be adopted:

Resolved, that:

1. The Budget shall be the sole authority for expenditures.
Michigan Community College Act.
2. The President shall provide to the Board not later than its December, 2005 meeting, a list of all vendors paid over \$100,000 in FY 2004 and all vendors paid over \$100,000 in FY 2005. The list shall indicate dates of payment, a description of services or goods and if payment was pursuant to a Board approved contract, the date of that approval.
3. The President shall identify for the Board not later than its December, 2005 meeting every budget line item that has been exceeded in FY 2004 or FY 2005 and any budget line transfers. Further indicate date of Board approval, if any.

4. The President shall advise the Board not later than its December, 2005 meeting of the balances in all funds, reserves, sinking funds, and accounts set up for capital items or maintenance, as of November 30, 2005.
5. The President shall provide the Board not later than its December, 2005 meeting, a list including dollar amounts, of all funds received by the College to date in this fiscal year which have been, or are to be, passed on, or transferred or paid over, in whole or in part, to outside entities for instructional services, such as truck driving instruction, and heavy equipment instruction, school districts, intermediate school districts, dance instruction, aviation and any other entities or persons whatsoever, whether public or private, profit or non-profit.
6. The following shall be posted on the college website on the Board page: "Persons wishing to communicate directly to the Board of Trustees, or offer suggestions to the Board, may do so confidentially by email to BOT@michlaw.org and the Board will have a person in a fiduciary capacity to the Board endeavor to remove identifying information before sharing the communication with the Board. If it is not possible to conceal the sender's identity, the communication will be shown only to the Board chair and person approved by him/her."
7. The President shall provide the Board not later than its December, 2005 meeting, CDs in Word Format or other usable medium, copies of the complete FY 2006 line item budget. Copies shall also be furnished to attorneys Foster, Swift, Collins & Smith, P.C. and Bev Baligad.

Trustee Smith asked President Cunningham how she feels this request may impact the staff adversely or not at all and if it is a realistic deadline.

President Cunningham responded that a lot of this information has already been sent to the Board; however, she asked Vice President Barbara Larson to further address Trustee Smith's question.

Vice President Larson responded that some of the information requested was provided last week. However, the remaining requests will take some time to gather and they can certainly provide it.

Roll call vote:

Ayes: Brannan, Canady, Laverty, Pelleran, Proctor, Rasmusson, Smith

Nays: None

Absent: None

Motion carried.

Trustee Smith – Foundation Board

Trustee Smith clarified that she was not at the College's Veteran's Day Ceremony, but attended a ceremony at her children's school. Her father is a veteran and was honored at that ceremony.

She gave the following highlights of the Foundation Board of Directors meeting she attended:

- Two scholarship students attended the meeting and shared how these dollars have impacted their lives and not just their educational experience.
- To date \$2,060,781 has been raised for the Capital Campaign and the goal is \$3.5 million. Dr. Evans, Chairperson of the Foundation Board of Directors, asked for 100% contribution from all of the Foundation Board members.
- The total market value for the Foundation has increased to over \$7 million.
- The Financial Committee is working on the policy to receive and accept gifts and on the management and fundraising policy.
- The Distinguished Alumni Committee is accepting nominations through mid-January. The alumni giving has increased to 69% over the past three years.
- The Foundation Holiday Open House is scheduled on December 8 from 5 to 7 p.m.

She encouraged all of the Trustees to contribute to the Capital Campaign. She announced that she will be purchasing her share tonight.

Trustee Brannan

IT WAS MOVED by Trustee Brannan and supported by Trustee Pelleran to engage Sungard Collegis to perform an external review of Lansing Community College's IT hardware infrastructure, software support and training. Noting that this will be done free of charge to the College and that Collegis will provide a comprehensive report to the Board with findings and recommendations. The Board will expect full cooperation from those who are asked to meet with Collegis representatives.

Trustee Smith asked if Sungard Collegis is currently doing business with Lansing Community College.

Trustee Brannan responded that they are not.

Trustee Smith asked if they are seeking to do business with the College in the future based upon what they will be doing

Trustee Brannan responded potentially.

Trustee Pelleran shared that was explicit in the questions that Sungard Collegis asked of the Committee. She stated that was upfront and they're not trying to hide anything.

Roll call vote:

Ayes: Brannan, Canady, Laverty, Pelleran, Proctor, Rasmusson, Smith

Nays: None

Absent: None

Motion carried.

PRESIDENT'S REPORT

Informational Items

College Spotlight – Enterprise Resource Development

President Cunningham introduced Mr. Dan McCormick, Senior Advisor, Resource and Enterprise Development. She shared his background that included CEO and Founder of the McCormick Group; he taught at Lansing Community College and the Lansing School District; received a Bachelors degree from Florence State University and his Masters degree from Michigan State University; he is the author of *Creating Foundations in America's Schools* and *Non-Profit Mergers: The Power of Successful Partnerships*; he is recognized as the nation's leading consultant in foundation establishment and structural development; and his work has been recognized in publications such as *The New York Times* and *USA Today*.

Mr. McCormick gave a PowerPoint presentation on the work being done in the Enterprise and Resource Development office (it is on file with the official Board materials.)

There was a question and answer period after the presentation.

Financial Aid Update

President Cunningham introduced Ms. Nancy Sinsabaugh, the Interim Financial Aid Director, and shared her educational and work experience which included Director of Student Financial Services at Harvard University; consultant to the Office of the Registrar at the University of Minnesota; and she received her Bachelors and Masters degrees from Harvard University. Two weeks ago the 2,000 students who experienced challenges with financial aid were invited to a special registration session. She felt that we are turning the corner on this issue. President Cunningham thanked everyone who has worked so diligently and around the clock in the Student and Academic Support Division and in Information Services and College Development. The audit reports have shown that there were a multitude of issues and not in only one area.

Ms. Sinsabaugh thanked President Cunningham and Dean Judith Cardenas for inviting her to help the College in the financial aid area. Ms. Sinsabaugh stated that when she arrived at the end of October, they quickly identified a two prong strategy to work on the financial aid issues. First, they needed to serve the students and get the financial aid accurate. Second, they needed to relieve the staff. She admires the financial aid and student services staff because they have done a tremendous job under difficult circumstances. Currently, they are working on responding to student concerns. The level of counter activity is steady, but is no longer overwhelming. Ms. Sinsabaugh shared that they are working very hard at resolving outstanding loan issues, waivers, grant, and scholarship issues. They have engaged Financial Aid Services, which is a company out of Atlanta, Georgia to help with processing, so staff can devote time in answering student questions. Her leadership role is helping to take the load off the staff. The search for the Financial Aid Director position is underway and the search committee is actively working on filling that position. They are working on getting the spring financial aid process off to a timely start. She reported that they've done the packaging and the simulations look good. Award letters will be going out next week.

Trustee Smith asked if she believed all failures in the system have been identified.

Ms. Sinsabaugh responded that she would not term the system issues as failures, but she is not sure that all issues have been identified. She has worked on a number of challenging financial aid system implementations and this is not the worst she has seen. Ms. Sinsabaugh compared financial aid to an onion. As we peel away pieces of the "onion" we find other things. She stated that we are "peeling" away the loan, scholarship, and waiver pieces. As she understands it the 2,000 students that were affected this semester were students who had the scholarships and waivers. When those issues are fixed, then the loan issues will be resolved. There are other problems that have come up, but those are small numbers of students and they are working on resolving them. Ms. Sinsabaugh believes there are no major outstanding issues.

Trustee Smith asked if Ms. Sinsabaugh does not see these issues as failures, how would she characterize them.

Ms. Sinsabaugh responded that she characterizes it as a challenging implementation and there were a series of issues involving manual work. Having spoken with others at the College, as early as last May it would have been clear that the waivers and scholarships would have to be a manual process. Had she been the director last May she would have arranged for enough staffing to ensure that the 2,000 waivers were entered manually. Ms. Sinsabaugh shared that the ability to do this in an automated fashion is coming in the next software release. She explained that it wasn't that something was delivered and it didn't work. The issue was that the financial aid leadership didn't recognize that this was a process that would require a manual work around that would be labor intensive and time consuming.

President Cunningham asked Ms. Sinsabaugh to elaborate on her experience with other financial aid implementations.

Ms. Sinsabaugh shared that her business is to help student service implementations and help universities to digest integrated student services packages. She has a lot of experience working on PeopleSoft implementations in financial aid. In 1999 at the University of Minnesota, the PeopleSoft software did fail. They could not deliver one cent of \$100 million of financial aid to 30,000 students. That's a worse situation. Ms. Sinsabaugh stated that typically there are problems with financial aid implementations because everybody underestimates how difficult financial aid is. For example, there are 14 different aid programs at the College. Many of the students are in all or a large number of those programs. If one variable is changed, that changes all 14 programs and they are interrelated. For example, if a student drops a course. Software developers underestimate how difficult that is.

Action Items

Approval of Minutes – October 17, 2005 Regular Meeting

President Cunningham presented the October 17, 2005 meeting minutes for the Board's review.

There were no changes from the Board.

Human Resources – Administrative Appointments and Terminations

This item was deleted.

Facilities Master Plan

Vice President Larson reviewed the facilities master plan update which was provided to the Board last month and was included in the Board packet. She reminded the Board that this annual submission is required by the State and this is our window of opportunity to identify a high priority instructional facility need for consideration in the capitol outlay process.

There was brief discussion about the facilities master plan update and whether students would be utilized for the campus beautification project. It was clarified that they have consulted with Horticulture faculty, and staff was asked to make a priority of using students for this project.

Trustee Smith felt conflicted on the plan considering a settlement hasn't been reached with labor.

President Cunningham agreed with Trustee Smith. When she met with the Labor Coalition, she shared it is unlikely that we will get these dollars; however, the College must submit an updated facilities mater plan as required by the State. President Cunningham stated that the items in the facilities master plan are needed; however, it is understood that this not the College's highest priority. The work with Human Resources is the highest priority.

Lansing Township DDA Settlement

President Cunningham presented the Lansing Township Downtown Development Authority settlement, which was included in the Board packet. She recognized Mr. Tim Zeller and the attorneys at Miller Canfield for their diligence in pursuing the College's best interests.

Finance – Approval of Consulting Services

The following consulting services were presented for the Board's approval:

1. Business & Community Institute in the amount of \$6,120. The project was awarded to Anthony Juliano of Lansing, Michigan.
2. Technical Careers in the amount of \$24,460. The project was awarded to Immersive Engineering of Bloomfield Hills, Michigan.
3. Technical Careers in the amount of \$110,000. The project was awarded to Metz Consulting of Brighton, Michigan.
4. Human Resources in the amount of \$200 per hour. The project was awarded to Mediation Training & Consultation Institute; Zena Zumeta.

There was discussion about the consulting services.

Trustee Proctor referred to the Human Resources project. He recommended exploring the Center for Dispute Resolution of Central Michigan which may offer the services for free.

Trustee Pelleran agreed with Trustee Proctor's recommendation and she would not be supporting that transmittal.

President Cunningham asked the Board to keep in mind that this process is new to staff. We would like to understand what the Board would like in terms of these requests.

Trustee Smith recommended that staff indicate how long the range of services will last.

IT WAS MOVED by Trustee Pelleran and supported by Trustee Brannan to separate the President's Report action items and vote on action items one, three, and four and vote on the consulting services separately.

Ayes: Brannan, Canady, Lavery, Pelleran, Proctor, Rasmusson, Smith
Nays: None
Absent: None

Motion carried.

IT WAS MOVED BY Trustee Pelleran and supported by Trustee Brannan to approve action items one, three, and four of the President's Report.

Roll call vote:
Ayes: Brannan, Canady, Lavery, Pelleran, Proctor, Rasmusson, Smith
Nays: None
Absent: None

Motion carried.

IT WAS MOVED by Trustee Canady to approve the contract for Mr. Anthony Juliano for the Business & Community Institute.

The motion failed due to lack of support.

IT WAS MOVED by Trustee Rasmusson and supported by Trustee Canady to table the consulting services and authorize the Chairperson to acquire more information and if he is satisfied with the information received, he may approve the contracts on behalf of the Board.

Trustee Smith was unclear where all the Board members were on the bids.

Trustee Canady felt it was unnecessary to table the contracts because he felt they were routine and this may hamper the administration from conducting the normal course of business at the College and supported Trustee Rasmusson's recommendation.

Trustee Pelleran felt the Board was ready to vote on the consulting service contracts.

Trustee Smith agreed.

Roll call vote:

Ayes: Brannan, Canady, Proctor, Rasmusson

Nays: Lavery, Pelleran, Smith

Absent: None

Motion carried.

CLOSED SESSION

IT WAS MOVED by Trustee Pelleran and supported by Trustee Canady for the Board to go into closed session for the purpose of dealing with contract negotiations.

Roll call vote:

Ayes: Brannan, Canady, Lavery, Pelleran, Proctor, Rasmusson, Smith

Nays: None

Absent: None

Motion carried.

Board entered into closed session at 8:22 p.m.

IT WAS MOVED by Trustee Canady and supported by Trustee Smith to return to open session.

Roll call vote:

Ayes: Brannan, Canady, Lavery, Pelleran, Proctor, Rasmusson, Smith

Nays: None

Absent: None

Motion carried.

The Board returned to open session at 9:15 p.m.

PUBLIC COMMENT

There were no comments from the public.

ADJOURNMENT

IT WAS MOVED by Trustee Smith and supported by Trustee Canady for the meeting to adjourn.

Ayes: Brannan, Canady, Lavery, Pelleran, Proctor, Rasmusson, Smith

Nays: None

Absent: None

Motion carried.

The meeting adjourned at 9:15 p.m.

ADMINISTRATIVE APPOINTMENTS FOR BOARD APPROVAL

- Name:** **Radecka Appiah-Padi**

Position: Director of Instruction

Dept/Div: Business Department
Business Media and Information Technology

Education: M.S., University of Alberta
B.A., University of Ghana

Experience: PAL/ESL Coordinator (2002-present)
Lansing Community College

Program Coordinator – Adult Literacy/ESL
Instructor (1999-2002)
Northwest Iowa Community College

Literacy Coordinator/ABE Instructor (1999-2000)
Northwest Iowa Community College

TERMINATED EMPLOYEES FOR BOARD APPROVAL

- Name:** **Margaret Smith**

Position: Support Staff (Part-Time)
Humanities and Performing Arts

Reason: Probationary Employee

Effective Date: November 21, 2005



TENTATIVE AGREEMENT
AA/MFT&SRP and Lansing Community College

1. Length of Salary Agreement: 5 years
2. Adjustments to Salary Schedules as indicated on attached.
3. Agreement to review market salary data and LCC's financial status during the month of October of each year in order to determine that projected salary adjustments are appropriate and to discuss any necessary modifications to projected salary schedules. Any modifications will be subject to negotiations.
4. For employees below their appropriate step/level salary, the annual salary increase will be capped at a maximum annual increase of 15%. This cap does not apply to salary increases as a result of reclassification.
5. For each year of this agreement, full time employees receiving less than \$1,000 annual increase will receive a lump sum payment which will bring the total salary increase and lump sum payment to \$1,000. Part time employees receiving less than \$750 annual increase will receive a prorated lump sum payment which will bring the total salary increase and lump payment to \$750 (for 30 hour/week employees), \$500 (for 20 hour/week employees), or \$250 (for 10 hour/week employees).
6. Effective date of 2005-2006 salary adjustments will be 11/20/2005.
7. Modify Article IX L h (i through iii) to clarify that reclassification adjustments will be implemented as follows:
 - a. The difference between the employee's current salary and the salary at the same step on the new level will be determined;
 - b. The new step on the new level will be that step closest to one-half the salary difference in step (a.) above.

For the College

For the Association

Date

Date

Market Data		Washtenaw	Schoolcraft	Macomb	Kellogg	Grand Rapids	Mott	Oakland	LCC	Average	LCC Diff
Directors	Min	\$ 48,692.00	\$ 46,694.00	\$ 56,159.00	\$ 52,022.00	\$ 58,238.00	\$ 57,686.00	\$ 53,093.00	\$ 53,286.00	\$ 53,233.75	0.10%
	Mid	\$ 68,947.00	\$ 71,758.50	\$ 73,987.50	\$ 68,853.50	\$ 79,478.50	\$ 68,357.00	\$ 73,176.00	\$ 64,416.00	\$ 71,121.75	-10.41%
	Max	\$ 89,202.00	\$ 96,823.00	\$ 91,816.00	\$ 85,685.00	\$ 100,719.00	\$ 79,028.00	\$ 93,259.00	\$ 75,546.00	\$ 89,009.75	-17.82%
Managers	Min	\$ 38,954.00	\$ 46,694.00		\$ 44,076.00	\$ 46,408.00	\$ 51,156.00	\$ 47,947.00	\$ 44,657.00	\$ 45,698.86	-2.33%
	Mid	\$ 52,414.50	\$ 56,265.50		\$ 57,792.50	\$ 63,002.50	\$ 60,616.50	\$ 63,815.00	\$ 54,026.50	\$ 58,276.14	-7.87%
	Max	\$ 65,875.00	\$ 65,837.00		\$ 71,509.00	\$ 79,597.00	\$ 70,077.00	\$ 79,683.00	\$ 63,396.00	\$ 70,853.43	-11.76%
Coordinators	Min	\$ 31,381.00		\$ 44,185.00	\$ 35,368.00	\$ 35,868.00	\$ 44,620.00	\$ 44,263.00	\$ 38,253.00	\$ 39,134.00	-2.30%
	Mid	\$ 43,137.00		\$ 53,137.00	\$ 46,726.50	\$ 49,948.50	\$ 52,872.00	\$ 58,121.50	\$ 46,315.50	\$ 50,036.86	-8.03%
	Max	\$ 54,893.00		\$ 62,089.00	\$ 58,085.00	\$ 64,029.00	\$ 61,124.00	\$ 71,980.00	\$ 54,378.00	\$ 60,939.71	-12.07%

		Possible LCC '05-06	Average	LCC Diff
Directors	Min	\$ 54,351.87	\$ 53,233.75	2.06%
	Mid	\$ 67,281.78	\$ 71,121.75	-5.71%
	Max	\$ 80,211.69	\$ 89,009.75	-10.97%
Managers	Min	\$ 45,550.35	\$ 45,698.86	-0.33%
	Mid	\$ 56,386.44	\$ 58,276.14	-3.35%
	Max	\$ 67,222.53	\$ 70,853.43	-5.40%
Coordinators	Min	\$ 39,017.85	\$ 39,134.00	-0.30%
	Mid	\$ 48,299.91	\$ 50,036.86	-3.60%
	Max	\$ 57,581.97	\$ 60,939.71	-5.83%

	Possible LCC '06-07	Projected Average (2% increase)	LCC Diff
Directors	\$ 54,895.39	\$ 54,298.43	1.09%
	\$ 69,380.28	\$ 72,544.19	-4.56%
	\$ 83,865.18	\$ 90,789.95	-8.26%
Managers	\$ 46,005.85	\$ 46,612.83	-1.32%
	\$ 58,145.12	\$ 59,441.67	-2.23%
	\$ 70,284.39	\$ 72,270.50	-2.83%
Coordinators	\$ 39,408.03	\$ 39,916.68	-1.29%
	\$ 49,806.37	\$ 51,037.59	-2.47%
	\$ 60,204.72	\$ 62,158.51	-3.25%

	Possible LCC '07-08	Projected Average (2% increase)	LCC Diff
Directors	\$ 55,444.35	\$ 55,384.39	0.11%
	\$ 71,546.85	\$ 73,995.07	-3.42%
	\$ 87,649.36	\$ 92,605.74	-5.65%
Managers	\$ 46,465.91	\$ 47,545.09	-2.32%
	\$ 59,960.84	\$ 60,630.50	-1.12%
	\$ 73,455.77	\$ 73,715.91	-0.35%
Coordinators	\$ 39,802.11	\$ 40,715.01	-2.29%
	\$ 51,361.70	\$ 52,058.35	-1.36%
	\$ 62,921.29	\$ 63,401.68	-0.76%

	Possible LCC '08-09	Projected Average (2% increase)	LCC Diff
Directors	\$ 56,553.23	\$ 56,492.08	0.11%
	\$ 73,859.66	\$ 75,474.97	-2.19%
	\$ 91,166.09	\$ 94,457.86	-3.61%
Managers	\$ 47,395.23	\$ 48,495.99	-2.32%
	\$ 61,899.13	\$ 61,843.11	0.09%
	\$ 76,403.02	\$ 75,190.23	1.59%
Coordinators	\$ 40,598.15	\$ 41,529.31	-2.29%
	\$ 53,022.01	\$ 53,099.51	-0.15%
	\$ 65,445.86	\$ 64,669.71	1.19%

	Possible LCC '09-10	Projected Average (2% increase)	LCC Diff
Directors	\$ 57,684.30	\$ 57,621.92	0.11%
	\$ 76,019.48	\$ 76,984.47	-1.27%
	\$ 94,354.66	\$ 96,347.02	-2.11%
Managers	\$ 48,343.13	\$ 49,465.91	-2.32%
	\$ 63,709.19	\$ 63,079.97	0.99%
	\$ 79,075.25	\$ 76,694.03	3.01%
Coordinators	\$ 41,410.12	\$ 42,359.90	-2.29%
	\$ 54,572.49	\$ 54,161.50	0.75%
	\$ 67,734.86	\$ 65,963.11	2.62%

		Increase	Cost to Implement* =
Directors	Min	2.00%	
	Mid	4.45%	
	Max	6.18%	
Managers	Min	2.00%	4.69%
	Mid	4.37%	
	Max	6.04%	
Coordinators	Min	2.00%	effective 11/6/05*
	Mid	4.28%	
	Max	5.89%	

	Increase	Cost to Implement =
Directors	1.00%	
	3.12%	
	4.55%	
Managers	1.00%	4.79%
	3.12%	
	4.51%	
Coordinators	1.00%	effective 7/1/06
	3.12%	
	4.55%	

	Increase	Cost to Implement =
Directors	1.00%	
	3.12%	
	4.51%	
Managers	1.00%	4.79%
	3.12%	
	4.51%	
Coordinators	1.00%	effective 7/1/07
	3.12%	
	4.51%	

	Increase	Cost to Implement =
Directors	2.00%	
	2.92%	
	3.50%	
Managers	2.00%	4.69%
	2.92%	
	3.50%	
Coordinators	2.00%	effective 7/1/08
	2.92%	
	3.50%	

	Increase	Cost to Implement =
Directors	2.00%	
	2.92%	
	3.50%	
Managers	2.00%	4.69%
	2.92%	
	3.50%	
Coordinators	2.00%	effective 7/1/09
	2.92%	
	3.50%	

* Includes reduction of reclassification expense
 **33 ee's at less than \$1000 annual increase; can implement 11/20/05 if lump sum to ensure \$1000 (prorated for part time)

PRE-AWARD TRANSMITTAL DOCUMENT

Requested by: Student & Academic Support Division
Project Title: Consulting Services for Financial Aid

Request Date: December 2, 2005
Buyer: Beckie Beard

1. Statement of Need:

The college requires additional assistance for January 2006 registration to assure a successful start of Spring semester and to assure that our students receive timely and accurate financial aid awards.

2. Description of supply or service:

Provide consulting services to the Financial Aid office to include:

A. Description of Tasks:

- Perform compliance review – ensure the financial aid files are in compliance with federal regulations through a “weighted” sample. Files will be selected from categories known to have the greatest potential for error. The review will be conducted by two FAS staff members who will be on-site for two weeks. The final report will be provided within three weeks. (Fee \$14,000 plus travel expenses estimated at \$3,500 = \$17,500)
- Staffing Assessment – Review financial aid organization structure to include (1) examination of current office tasks, how they are grouped into jobs, where assigned, the position responsible for the job, associated job description and skills required, current staff skills, office reporting lines, and current organizational structure. Deliverables will consist of a recommendation of logical grouping of tasks, appropriate job descriptions and skill sets, staffing levels, effective alignment of positions and managers, efficient reporting lines and an overall organizational structure. FAS staff member will be on-site for one week and will work with Nancy Sinsabaugh. (Fee \$8,500 plus travel expenses estimated at \$1,500 = \$10,000)
- On-Site Staffing Services – Provide three experienced financial aid professionals on-site to assist the financial aid office with January 2006 registration. This will reduce the telephone and counter wait time. Students who are in need of more assistance will be able to meet with LCC staff. (Fee \$750 per day/per person = \$2250 x 14 days = \$31,500 plus travel expenses)

B. Completion schedule:

- Compliance Review final report – March 15, 2006
- Staffing Assessment – March 15, 2006

C. Place of Performance:

- Financial Aid Office

D. Performance Review

- Weekly meetings with Dean Cardenas, Nancy Sinsabaugh, and reports to President Cunningham
- Student satisfaction surveys will be conducted during January registration to assess performance.

3. Supplier:

Supplier	Location	MBE/WBE	LCC Tax District	Request Amount
Financial Aid Services (Sole Source)	Atlanta, GA	No	No	Est. \$59,000 plus travel expenses

4. Reviewed By:

Rebecca G. Beard, C.P.M.
Director, Purchasing & Materials Management

Date

Barbara A Larson, Vice President
Administrative Services/CFO

Date

5. Board of Trustee Review:

Approve/Disapprove

Date

PRE-AWARD TRANSMITTAL DOCUMENT

Requested by: Student & Academic Support Division Request Date: December 2, 2005
 Project Title: Interim Director of Financial Aid Buyer: Beckie Beard

1. Statement of Need:

The college requires financial aid leadership in light of the fact that they are down more than two full-time employees. This service is currently being filled by the Interim Director of Financial Aid, Nancy Sinsabaugh, a contracted position. There is a need to continue with this contract until a financial aid director can be hired. This will be reviewed on a monthly basis, but will be no longer than first quarter 2006.

2. Description of supply or service:

<u>A. Responsibilities:</u>	<u>Deadlines</u>
• Direct LCC financial aid operations	On-going until new director arrives
• Ensure that Spring 06 FA awarding goes smoothly and assist LCC with compliance for all Federal and State regulations	Ongoing
• Assist LCC with completion of the OSS FA implementation	Ongoing
• Assist cleanup of Summer and Fall 05 financial aid issues	3/1/06
• Supervise internal FA Compliance Review, assisted by FAS	3/15/06
• Complete FA office reorganization and provide staffing plan	3/15/06
• Provide training plan to bring staff up-to-date on FA training	3/1/06
• Provide training plan for OSS FA	3/15/06
• Assist in the hiring of the new Director of Financial Aid	3/15/06
• Ensure smooth transition to the new Director	4/1/06
• Organize OSS FA business process redesign sessions	4/1/06
• Begin work on FA OSS training and policy and procedure manuals	4/1/06

Timing:

January 2006: 14 ten hour days (W-F of every week, plus M and T of one week)
 February 2006: 14 ten hour days (W-F of every week, plus M and T of one week)
 March 2006: 8 ten hour days (assumes that the FA Director has been hired)

Rate: \$150 per hour plus (documented) travel expenses (note: this represents a 1/1/06 increase in standard fees. Rate includes a 30-50% discount of fees for research university projects).

B. Performance Review:

- Weekly meetings with Dean Cardenas and a separate meeting with President Cunningham.

C. Place of Performance:

- Financial Aid Office

3. Supplier:

Supplier	Location	MBE/WBE	LCC Tax District	Request Amount
Transformation in Higher Education LLC (Nancy Sinsabaugh - Sole Source)	Cambridge, MA	WBE	No	Est. \$64,000

- Estimate based upon 360 hours x \$150 p/hr = \$54,000 and estimated travel expenses of \$10,000. Depending on the hiring of a new financial aid director, LCC may need less assistance and this will be scaled back accordingly.

4. Reviewed By:

Rebecca G. Beard, C.P.M.
Director, Purchasing & Materials Management

Date

Barbara A Larson, Vice President
Administrative Services/CFO

Date

5. Board of Trustee Review:

Approve/Disapprove

Date