

LANSING COMMUNITY COLLEGE

Comprehensive Annual Financial Report

Fiscal Years Ended
June 30, 2020 and June 30, 2019

Lansing, Michigan





**LANSING COMMUNITY COLLEGE
Lansing, Michigan**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Years Ended June 30, 2020 and June 30, 2019**

Prepared by:
Financial Services Division

Donald L. Wilske
Chief Financial Officer

Lisa L. Mazure
Controller

Megan L. Garrett
Assistant Controller

**LANSING COMMUNITY COLLEGE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019**

TABLE OF CONTENTS **PAGE**

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal 1
 Lansing Community College Principal Officials 7
 Organization Chart 8
 Certificate of Achievement for Excellence in Financial Reporting 9

FINANCIAL SECTION

Independent Auditors’ Report 10
Management’s Discussion and Analysis 12
Basic Financial Statements
 Statements of Net Position 24
 Statements of Revenues, Expenses and Changes in Net Position 25
 Statements of Cash Flows 26
 Notes to Financial Statements 28
Required Supplementary Information
 MPERS Cost-Sharing Multiple Employer Plan:
 Schedule of the College’s Proportionate Share of the Net Pension Liability 60
 Schedule of College Pension Contributions 61
 Schedule of the College’s Proportionate Share of the Net Other Postemployment
 Benefits Liability 62
 Schedule of the College’s Other Postemployment Benefits Contributions 63
 Notes to Required Supplementary Information 64

STATISTICAL SECTION (UNAUDITED)

Statistical Section Contents 65
 Statements of Revenues, Expenses and Changes in Net Position 66
 Net Position by Components 67
 Major Taxpayers 68
 Assessed Value and Taxable Value of Property 69
 Property Tax Levies and Collections 70
 Legal Debt Margin 71
 Personal Income per Capita 72
 Top Ten Principal Employers 73
 Capital Asset Statistics 74
 Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and Fee
 Revenues Generated 75
 Full-Time Equivalent Employees 76

**LANSING COMMUNITY COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019**

■ TABLE OF CONTENTS **PAGE**

SPECIAL REPORTS SECTION (UNAUDITED)

Combining Statements of Net Position	77
Combining Statements of Revenues, Expenses, Transfers and Changes in Net Position.....	79



Introductory Section



October 12, 2020

Members of the Board of Trustees, and
Citizens of Lansing Community College District

The Comprehensive Annual Financial Report (CAFR) of Lansing Community College (the "College") for the fiscal years ended June 30, 2020, and June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the net position and changes in net position of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission have been included.

Rehmann Robson LLC, Certified Public Accountants, have issued an unmodified (clean) opinion on Lansing Community College's financial statements for the years ended June 30, 2020 and 2019. The Independent Auditors' Report is located at the front of the financial section of the report.

The Management Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

We strive for fiscally responsible planning for our immediate and future needs. As the financial operations indicate in the recent CAFR, we continue to exercise fiscal prudence, to maintain a healthy financial condition and to protect tax dollars in the use of available resources while maintaining our commitment to academic excellence.

In November 2017, the Board of Trustees adopted the Strategic Plan 2017-2020. The plan sets the institution's direction through 2020 and is integrated into the College's planning and budgeting processes to support student success and institutional growth. The key focus areas remain consistent with the previous plan, with the exception of combining Engaged Learning and Student Success. The key focus areas are: Engaged Learning and Student Success; Leadership, Culture and Communication; Community Engagement; Competitiveness and Innovation; and Resource Management and Fiscal Responsibility. In February of 2020, college staff were provided updates on current and future strategic planning projects at college-wide meetings.

The College's capital plan is dynamic and is updated on a regular basis to reflect the most recent assessment of all projects required to address the evolving academic programs and services needed. In fiscal year 2018 the Board of Trustees approved a new Strategic Capital Budget (see Capital Projects section of this letter). We have remained flexible to provide services efficiently while maintaining our commitment to students. We are encouraged by the continued dedication of our employees and the Board of Trustees to make Lansing Community College an excellent place of higher education. Lansing Community College - *"Where Success Begins"*.

PROFILE OF THE COLLEGE

Lansing Community College is a major urban community college, situated on 48 acres, in a nine-city block area in downtown Lansing, Michigan. Founded in 1957, Lansing Community College is now the sixth largest community college in the state of Michigan. The College currently enrolls more than 16,000 college-credit students each year, and has over 600 full-time and over 1,300 part-time employees. The College offers classes year-round in a three-semester curriculum. The College offers 210 degree and certificate programs and over 1,000 courses to match career and workforce development pursuits, transfer curricula, developmental, or special interest needs. Courses are offered in one of three academic divisions: Arts and Sciences; Health and Human Services; and Technical Careers. In addition, the Community Education and Workforce Development division provides community and continuing education and includes the College's Business & Community Institute (BCI) that provides customized training directly to regional businesses.

In addition to the Downtown Campus, the College operates the West Campus in Delta Township that is home to the Michigan Technical Education Center (M-TEC), the East Campus in East Lansing, the Livingston Center at Parker Campus in Howell, and the Aviation Maintenance Center at the Mason-Jewett Airport in Mason. In addition, 72 courses including 140 class sections were offered at off-campus locations. Lansing Community College was the first Michigan community college to offer a complete associate's degree online and now offers over 1,200 online/hybrid sections per year, or approximately 32.8% of all section offerings.

The College is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools. The College's accreditation was reaffirmed on June 27, 2016, for ten years.

The following table illustrates the Fall enrollments over the last five years:

<u>Enrollment</u>	<u>FALL 2019</u>	<u>FALL 2018</u>	<u>FALL 2017</u>	<u>FALL 2016</u>	<u>FALL 2015</u>
College (unduplicated head count)	11,673	11,771	12,882	13,583	14,851
Full-time Equivalents	6,674	6,804	7,461	7,920	8,500
Total Credit Hours	106,100	107,257	117,655	123,341	133,493

FINANCIAL PLANNING

As shown in the table below, one of the basic tenets of financial planning at the College is maintaining the affordability of tuition for students. Annual increases are in the 2% to 4% range. The exception to this was FY 2017 when in-district tuition was increased by \$11 per billing hour. This significant tuition increase provided an estimated \$1.8 million for additional staffing for Academic Success Coaches and expanded tutoring services.

	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
In-District Tuition Rate (per billing hour)	\$108	\$105	\$103	\$99	\$88
In-District Tuition Increase (per billing hour)	\$3	\$2	\$4	\$11	\$3

With tuition and fees accounting for 36.6% of the revenue mix and few viable options available to diversify revenue sources, the College finds itself with the challenge of balancing: (a) changes in student demand (b) tuition affordability, (c) increasing costs and (d) declining revenue.

The College is well positioned to attract a diverse group of students, with its fiscal year 2021 \$111 in-district per billing hour rate well below the state average rate of community college in-district tuition of \$121. High potential targets include those who are looking for a less expensive post-secondary education option and those looking to further their education in order to remain competitive in the job market. Additionally, as the price of four-year institutions continues to rise, cost becomes a preeminent

concern and the College's value proposition to graduating high school students improves. The College's value is aided by the numerous transfer and articulation agreements the College maintains with four-year institutions in the state of Michigan as well as the partnerships at the College's University Center.

As the financial report shows, we continue to exercise fiscal responsibility of the College's available resources to maintain a healthy financial condition and continue our commitment to academic excellence.

FINANCIAL INFORMATION

Internal Controls

Management of the College is responsible for establishing and maintaining internal controls designed to protect the assets of the College, prevent loss from theft or misuse, and to provide that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide a reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. As demonstrated by the statements and schedules included in the financial section of this report, the College continues to meet its responsibility for sound financial management.

Property Taxes

The College's property tax levy per \$1,000 of taxable valuation was reduced to 3.7777 mils in 2020 and will impact the College's property tax revenue for FY 2021. The state average for all community colleges was 2.2802 mils in 2019.

Capital Projects

In fiscal year 2019, the Board of Trustees authorized an issuance of up to \$52.5 million in bonds to finance the construction of a new parking ramp and the demolition and replacement of the Gannon Parking Ramp to address critical parking needs on the Downtown Campus.

In fiscal year 2020, the College issued 30-year general obligation bonds, rated AA by Standard and Poors and Aa2 by Moody's, to finance the construction of new parking facilities. Bond proceeds and \$6,100,000 of on-hand local dollars will be used for the demolition of the existing parking structure and building a replacement parking structure along with renovation of an existing flat lot. The College Board of Trustees approved a new \$4 per billing hour student fee effective Fall semester 2020, to provide additional financial resources for the new long-term debt obligation of \$67,392,000. The project is expected to be completed by Fall 2022.

COVID-19 PANDEMIC

As with all of higher education and the United States as a whole, Lansing Community College has been significantly impacted by the COVID-19 pandemic. The College's Emergency Operations Committee, led by the Director of Emergency Management, was activated in early March 2020 to respond to the pandemic. Students and faculty were scheduled to return from Spring Break on Monday, March 16th. On that date faculty began converting face-to-face classes to an online format. However, resumption of classes for students was postponed until Wednesday, March 18th, and the College began remote operations that day. Only essential workers were permitted on campus and for the least amount of time possible.

The College decided to keep all employees on payroll through June 30, 2020 regardless of their ability to work remotely. As of June 30th, the College has spent in excess of \$2.6 million on salaries and benefits, personal protective equipment, technology for students and staff and other expenses related to emergency response and future business resumption. The College was allocated \$5.8 million by the U.S.

Department of Education under the Coronavirus AID, Relief, and Economic Security (CARES) Act with a minimum of 50% to be used for direct financial support to students. Some of the \$2.6 million spent will be reimbursable from the CARES Act allocation. Due to the pandemic in FY 2020, the State of Michigan experienced a significant loss of revenue and the College's operating appropriation was reduced by \$3.7 million. In FY 2021 the College will receive an equal amount of State of Michigan governmental CARES grants to apply towards eligible expenses.

CHANGE IN COLLEGE LEADERSHIP

Shortly after June 30, 2020, the College's president, Dr. Brent Knight retired after leading Lansing Community College for 12 years. Dr. Steve Robinson has succeeded Dr. Knight as the College's new president.

MICHIGAN'S ECONOMIC OUTLOOK

Local Economy

Michigan's economy spent the 2000 to 2010 period in recession, largely driven by the same fundamental restructuring that affected manufacturing globally. Michigan's manufacturing sector experienced, and continues to experience, a significant surge in productivity driven by increased competition in the economy. For Michigan, the effect of productivity improvements has been substantial for at least three reasons: 1) there was more room for productivity improvements in the durable goods and motor vehicle manufacturing sectors than in many other sectors, 2) Michigan was, and remains, very disproportionately concentrated in motor vehicle manufacturing, and 3) the motor vehicle industry has become one of the most competitive sectors of the economy. For Michigan, those factors were complicated as General Motors, Ford, and Chrysler lost market share over most of the last decade. Thus, Michigan lost jobs as a result of both higher productivity and reduced demand. The impact on the Michigan economy was exacerbated by the rapid and drastic decline in automobile sales in late 2008 and during 2009, reflecting national collapses in sectors such as construction, real estate, and finance.

The drag from the manufacturing sector on Michigan's economy largely bottomed out in 2010 and the recovery in vehicle sales nationally has helped Michigan's economic situation. Manufacturing employment in Michigan rose 46.1% between June 2009, when the U.S. recession ended, and December 2019, although most of the growth occurred prior to 2015. Employment gains helped the Michigan unemployment rate decline from a high of 14.9% in June 2009 to 3.6% in February 2020, the lowest level since May 2000.

State level data reflecting the impact of COVID-19 are more scarce than national indicators, although March 2020 data (in which COVID-19 disruptions primarily exerted an impact during the last half of the month) suggest the effects will be negative and substantial.

Forecast Summary

During 2020, both the U.S. and Michigan economies are expected to experience recessionary conditions, largely driven by COVID-19 disruptions primarily during the first and second quarters of 2020. Both the U.S. and Michigan economies are expected to then exhibit growth during 2021 and 2022, although Michigan is generally expected to grow more slowly than the nation as a whole.

Employment gains over the forecast period will be muted, particularly compared with prior recoveries, because, while productivity growth is expected to be less than what was exhibited during the last decade, consumer demand is not likely to grow much more rapidly than productivity. The Michigan unemployment rate, which averaged 4.1% during 2019, is forecasted to average 13.5% in 2020 before decreasing to 9.9% in 2021 and 8.7% in 2022.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2019-20, FY 2020-21, and FY 2021-22
May 14, 2020 Senate Fiscal Agency, State of Michigan

Prospects for the Future

State of Michigan FY 2019-20 Revised Revenue Estimate

- Combined General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue is expected to total just over \$24 billion in FY 2019-20, a \$2.3 billion increase from the May estimate, but still \$926 million below the January projection. The reduction from the January estimate primarily reflects the impact of the COVID-19 pandemic, both in terms of the pandemic's effect on economic activity as well as the impact of special tax provisions and Federal spending provisions adopted to stimulate the economy and address liquidity concerns associated with the pandemic.

State of Michigan FY 2020-21 Revised Revenue Estimate

- Combined GF/GP and SAF revenue is expected to total over \$23 billion in FY 2020-21. The decrease in revenue primarily reflects the acceleration of economic growth in the wake of the COVID-19 pandemic being more than offset by the loss of Federal stimulus measures. That figure is \$579 million more than was projected in May, but still \$2.5 billion less than the January 2020 estimate.

State of Michigan FY 2021-22 Revised Revenue Estimate

- Continued gains in employment and income result in increases to GF/GP and SAF revenue in FY 2021-22 and they are expected to total \$24.4 billion in FY 2021-22. The figure is nearly \$376 million more than was projected in May, but still almost \$1.7 billion less than the January 2020 estimate.

Source: Consensus Revenue Estimates for Fiscal Year (FY) 2019-20, FY 2020-21 and FY 2021-22, Caseloads and Expenditure Estimates for Department of Health and Human Services for FY 2019-20, FY 2020-21 and FY 2021-22, August 24, 2020, Senate Fiscal Agency, State of Michigan

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lansing Community College for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The College has received a Certificate of Achievement for eleven consecutive years. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The College has received the Distinguished Budget Presentation Award from the GFOA for eight consecutive years, from 2010 to 2017. In fiscal year 2018, the GFOA established a specific budget award program for community colleges, the Award for Best Practices in Community College Budgeting. In this review, budget processes are evaluated based on a number of criteria that focus on alignment of resources towards student achievement focusing on collaboration, communication, and rigorous development, evaluation, and prioritization of strategies to achieve a college's goal and objectives. The College submitted its budget for fiscal year 2018 for consideration of the award, and was notified in 2019 that the 2018 budget had earned the award. The award has been received for the budgets submitted for fiscal years 2019 and 2020.

The College has received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year ended June 30, 2019. The GFOA established the Popular Annual Financial Reporting Awards Program to encourage and assist state and local governments to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal. The College has received this award for nine consecutive years.

The College's Purchasing Department is the recipient of the 2019 Annual Achievement of Excellence in Procurement Award. Lansing Community College has received the award for seventeen consecutive years and is one of only two agencies in Michigan and one of only 25 higher education organizations in the United States and Canada to receive the national award. The award is designed to recognize organizational excellence in procurement through efficient and effective practices within an organization's procurement policies and processes. It acknowledges measures in innovation, professionalism, e-procurement, productivity and leadership attributes of the procurement function. The College's Purchasing Department has submitted the 2020 AEP application and is waiting for response of awarded recipients. Due to the global pandemic, the Achievement of Excellence in Procurement Evaluation Committee postponed scheduled evaluations until mid-September.

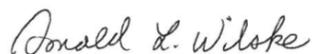
Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Rehmann Robson LLC was selected by the College's Board of Trustees. The Independent Auditors' Report on the financial statements is included in the financial section of this report.

Acknowledgments

The timely preparation of the CAFR was made possible by the dedicated service of the entire staff of the Financial Services Division. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Donald L. Wilske
Chief Financial Officer

LANSING COMMUNITY COLLEGE

PRINCIPAL OFFICIALS (As of October 12, 2020)

BOARD OF TRUSTEES

<u>Trustee</u>	<u>Position</u>	<u>Term Expires</u>
Lawrence Hidalgo, Jr.	Chairperson	2024
Ryan Buck	Vice Chairperson	2022
Angela L. Mathews	Secretary	2022
Larry Meyer	Treasurer	2020
Robert E. Proctor	Trustee	2022
Andrew P. Abood	Trustee	2020
Samantha Vaive	Trustee	2024

OFFICERS OF THE COLLEGE

<u>Officer</u>	<u>Position</u>
Steve Robinson	President
Sally Welch	Provost/Senior Vice President of Academic Affairs
Seleana Samuel	Interim Senior Vice President of Business Operations
Donald L. Wilske	Chief Financial Officer

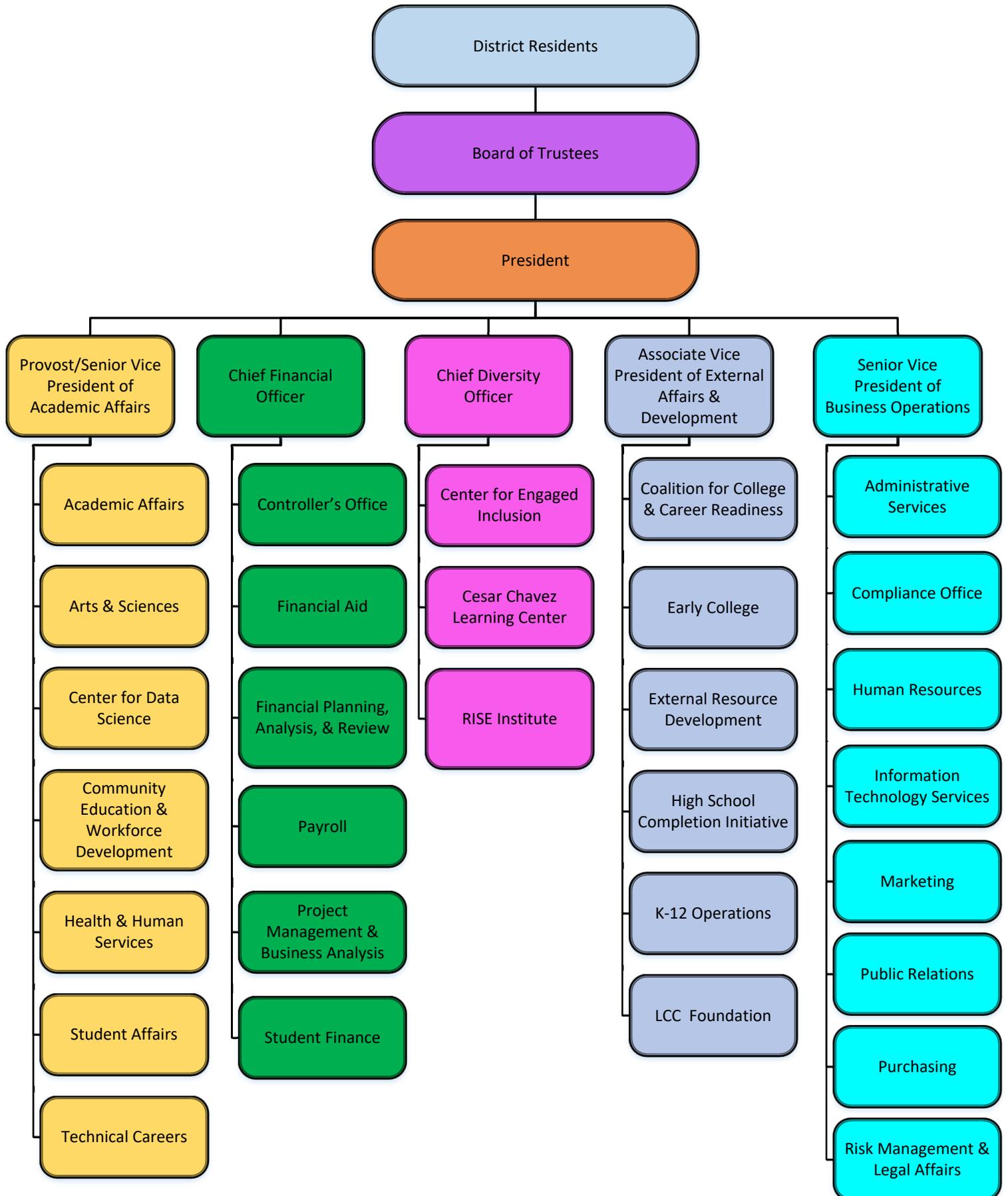
OFFICIALS ISSUING REPORT

<u>Officer</u>	<u>Position</u>
Donald L. Wilske	Chief Financial Officer
Lisa L. Mazure, C.P.A.	Controller
Megan L. Garrett	Assistant Controller

DIVISION ISSUING REPORT

Financial Services Division

LANSING COMMUNITY COLLEGE





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Lansing Community College
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Financial Section

INDEPENDENT AUDITORS' REPORT

October 12, 2020

Board of Trustees
Lansing Community College
Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of *Lansing Community College* (the "College") as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of *Lansing Community College* as of June 30, 2020 and 2019, and the results of their operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The additional information identified in the introductory, statistical and special reports sections in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated October 12, 2020 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *Lansing Community College's* internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2020 AND 2019

The discussion and analysis of Lansing Community College's (College) financial statements provides an overview of the College's financial activities for the years ended June 30, 2020 and 2019. Management has prepared the fiscal year 2020 and 2019 financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

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

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

Component Unit

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, 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 position and financial activities are presented separately from the rest of the College's activities in the Statements of Net Position and Statements of Revenues, Expenses and Changes in Net Position, in separate columns headed "Component Unit".

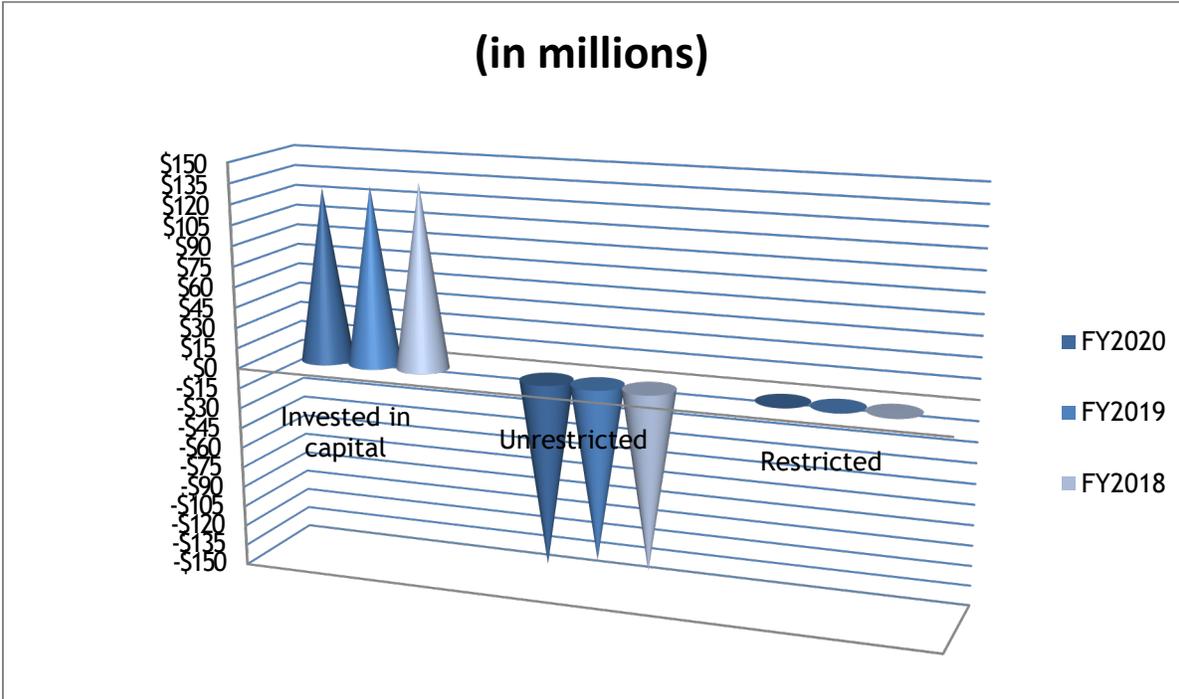
This Comprehensive Annual Financial Report (CAFR) includes the report of independent auditors, management's discussion and analysis, the basic financial statements in the above referred to format, notes to financial statements, required supplementary information, and additional information.

Financial Highlights

The College's financial position declined during the fiscal year ended June 30, 2020, with a \$11.2 million decrease in total net position. The College's total assets increased \$38.4 million which is primarily attributed to the proceeds received from a General Obligation bond issuance in October 2019. Deferred outflows of resources and deferred inflows of resources increased \$0.8 and \$1.6 million, respectively, due to the necessary adjustments to the deferred pension and OPEB amounts offset by a decrease for the amortization of the deferred charge on refunding. The College's total liabilities increased \$48.7 million due to the increase in the net pension and OPEB liabilities of \$8.1 million and a \$39.6 million increase in long term debt as a result of the October 2019 bond issuance. The major categories of net position changed, as shown in the graph below. Total net position decreased by \$11.2 million, both net position invested in capital assets and unrestricted net position decreased due to depreciation of capitalized assets and recording of the College's share of the Michigan Public School Employees Retirement System (MPERS) long-term net pension and other postemployment benefits liability as required by GASB Statements 68, *Accounting And Financial Reporting For Pensions*, and 75, *Accounting And Financial Reporting For Postemployment Benefits Other Than Pensions*. While the implementation of GASB 68 and 75 continues to impact total net position, it did not have any impact on the College's cash flows or operating budgets.

The College's financial position declined during the fiscal year ended June 30, 2019, with a \$0.8 million decrease in total net position. The College's total assets decreased \$5.9 million which is primarily attributed to the decline in capital assets. Deferred outflows of resources and deferred inflows of resources increased \$25.4 and \$12.5 million, respectively due to the necessary adjustments to the deferred pension and OPEB amounts. The College's total liabilities increased \$7.7 million due to the increase in the net pension and OPEB liabilities of \$16.7 million offset by decreases in long term debt and other accounts payable. One of the two major categories of net position changed, as shown in the graph below. Total net position decreased by \$0.8 million, including a net position invested in capital assets decrease of \$4.4 million as yearly depreciation expense was higher than new acquisitions, capitalization of building and renovation projects, and pay down of related debt. This was offset by an unrestricted net position increase of \$3.6 million, from (\$134.5) to (\$130.9) million which included an increase from College operations offset by a decrease as a result of the recording of the College's share of the Michigan Public School Employees Retirement System (MPERS) long-term pension liability and net other postemployment benefits liability as required by GASB Statements 68, *Accounting and Financial Reporting for Pensions*, and 75, *Accounting And Financial Reporting For Postemployment Benefits Other Than Pensions*. While the implementation of GASB 68 and 75 impact total net position, the implementation did not have any impact on the College's cash flows or operating budgets.

Total Net Position



Statements of Net Position and Revenues, Expenses, and Changes in Net Position

One of the most important questions to ask about the College's finances is, "Is Lansing Community College as a whole better off or worse off as a result of the year's activities?" The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question.

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, and all deferred outflows and inflows of resources. 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 position and changes in them. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as Lansing Community College's operating results.

One can think of the College's net position - the difference between assets and deferred outflows less liabilities and deferred inflows - as one way to measure the College's financial health or net position. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall health of the College, consideration of many other non-financial factors, such as the trend in College enrollment, student retention, condition of the buildings, and strength of the faculty must be made.

Net Position (in millions) as of June 30

	2020	2019	Increase (Decrease) 2020-2019	2018	Increase (Decrease) 2019-2018
Current and other assets	\$ 118.1	\$ 74.1	\$ 44.0	\$ 72.8	\$ 1.3
Capital assets, net of depreciation	186.5	192.2	(5.7)	199.4	(7.2)
Total assets	304.7	266.3	38.4	272.2	(5.9)
Deferred outflows of resources	62.4	61.6	0.8	36.2	25.4
Other liabilities	17.2	16.2	1.0	20.6	(4.4)
Debt obligations	112.3	72.7	39.6	77.3	(4.6)
Net pension and OPEB liabilities	215.4	207.3	8.1	190.6	16.7
Total liabilities	344.9	296.2	48.7	288.5	7.7
Deferred inflows of resources	33.2	31.6	1.6	19.1	12.5
Net (deficit) position					
Net investment in capital assets	127.5	130.8	(3.3)	135.2	(4.4)
Restricted	0.1	0.2	(0.1)	0.2	-
Unrestricted	(138.7)	(130.9)	(7.8)	(134.5)	3.6
Total net (deficit) position	\$ (11.0)	\$ 0.1	\$ (11.2)	\$ 0.9	\$ (0.8)

Amounts may not foot due to rounding.

Fiscal Year 2020 Compared to 2019

The College increased its current and other assets by \$44.0 million primarily due to the proceeds from a General Obligation Bond issuance in October 2019. Debt obligations increased \$39.6 million due to the General Obligation Bond issuance in October 2019 offset by principal payments on other outstanding bond issues. The College overall net position decreased by \$11.2 million. This is primarily due to recording the required entries related to the College's share of the net pension and net other postemployment benefits liability and deferred outflows and inflows and the decrease in net investment in capital assets as discussed in the *Financial Highlights* section.

Fiscal Year 2019 Compared to 2018

The College increased its current and other assets by \$1.3 million primarily due an increase in cash and investment balances. Other liabilities decreased \$4.4 million due to the timing of year-end receipts of vendor invoices for goods and services received during fiscal year 2019 and a reduction in the settlement with the Department of Education (DOE) due to a favorable outcome of the College's appeal as described in Note 12 of the financial statements. Debt obligations decreased \$4.7 million due to principal payments on outstanding bond issues. The College overall net position decreased by \$0.8 million. This is primarily due to recording the required entries related to the College's share of the net pension and net other postemployment benefits liability and the decrease in net investment in capital assets as discussed in the *Financial Highlights* section offset by the recognition of miscellaneous revenue from the DOE appeal settlement.

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

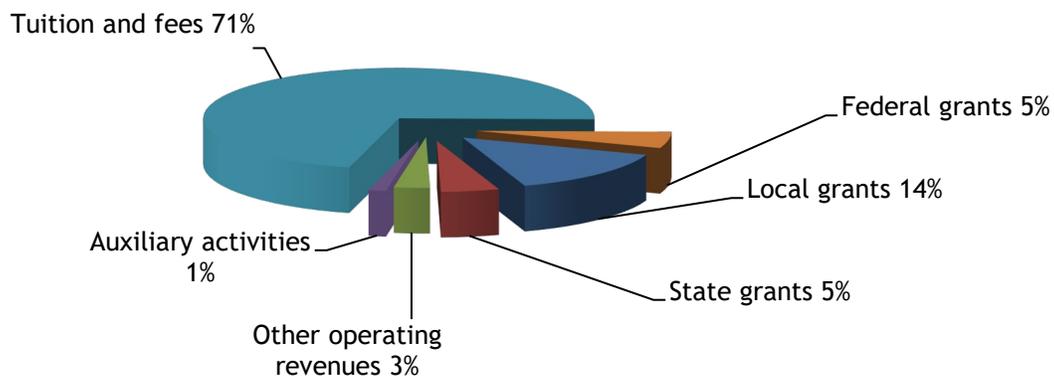
	2020	2019	Increase (Decrease) 2020-2019	2018	Increase (Decrease) 2019-2018
Total operating revenues	\$ 43.1	\$ 45.0	\$ (1.9)	\$ 42.6	\$ 2.4
Total operating expenses	141.3	133.4	7.9	132.1	1.3
Operating loss	(98.1)	(88.4)	(9.8)	(89.5)	1.1
Net nonoperating revenues (expense)	87.0	87.6	(0.6)	89.1	(1.5)
Change in net position	(11.2)	(0.8)	(10.4)	0.2	(1.0)
Net position - beginning of year	0.1	0.9	(0.8)	48.1	(47.2)
Implementation of GASB 75	-	-	-	(47.4)	47.4
Adjusted net position - beginning of year	0.1	0.9	(0.8)	0.7	0.2
Net (deficit) position- end of year	\$ (11.0)	\$ 0.1	\$ (11.2)	\$ 0.9	\$ (0.8)

Amounts may not foot due to rounding.

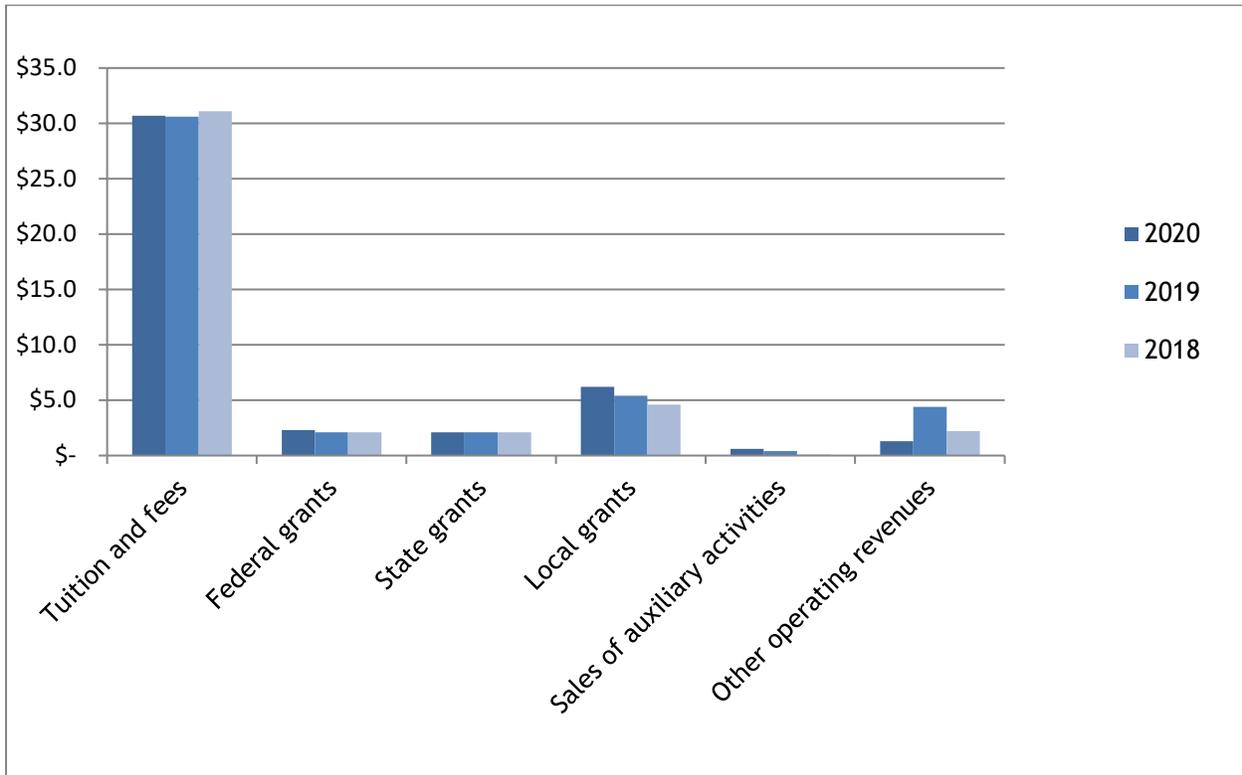
Operating Revenues

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.

2020 Operating Revenues by Source



2020, 2019, 2018 Operating Revenues by Source (in millions)



Fiscal Year 2020 Compared to 2019

Operating revenue decreased \$1.9 million as the result of the following factors:

- Tuition and fee revenue increased by \$0.1 million. The increase is due to a decline in enrollment offset by an increase in the tuition rate and student support fees.
- Local grants increased \$0.8 million due to increases in promise and external scholarships and private personal loans for students.
- Miscellaneous revenue decreased \$3.1 million primarily due to the favorable settlement with the Department of Education which had been expensed in fiscal year 2018 and recognized as miscellaneous revenue upon write off of the liability in fiscal year 2019 totaling \$1.9 million and a decrease in in-kind donations to the College of \$0.4 million. The remaining decrease is smaller amounts in several areas and programs of the College.

Fiscal Year 2019 Compared to 2018

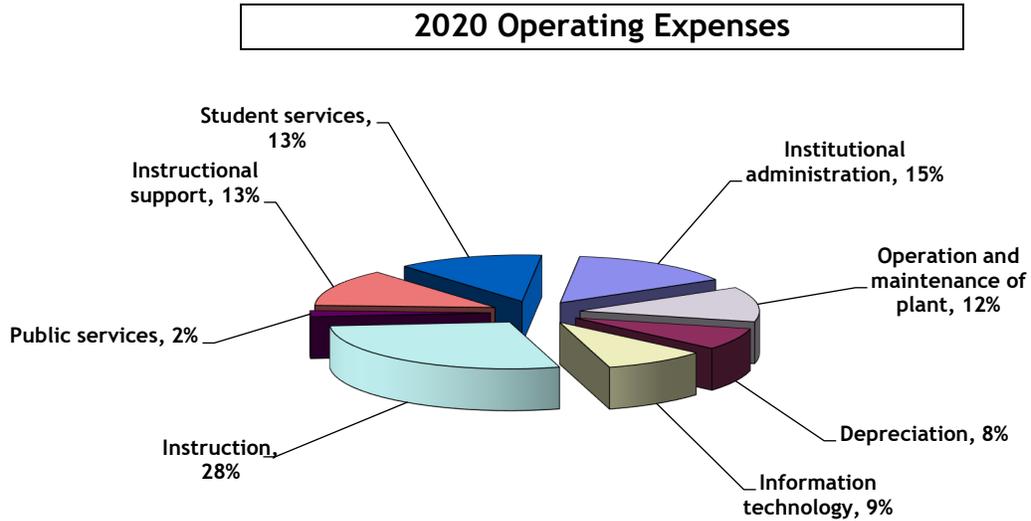
Operating revenue increased \$2.4 million as the result of the following factors:

- Tuition and fee revenue decreased by \$0.5 million. The decrease is attributable to a decrease in tuition and fees of \$2.2 million due to a decline in enrollment offset by \$2.1 million decrease in scholarship allowances and a decrease of \$0.8 million in Early College and various promise scholarships due to a change which moved recognition in the general fund as tuition and fees to the restricted funds as local grants and contracts in Fiscal Year 2019.
- Federal grants and contracts decreased by \$0.3 million primarily due to a reduction in Perkins funding.
- Local grants increased \$0.8 million due to the change of recognizing the Early College and various promise program scholarships in the general fund to the restricted funds in Fiscal Year 2019 as discussed above.
- Sales and services of auxiliary activities increased \$0.3 million primarily due to the revenue associated with conference services which was brought into College auxiliary operations and no longer contracted for with an outside vendor.

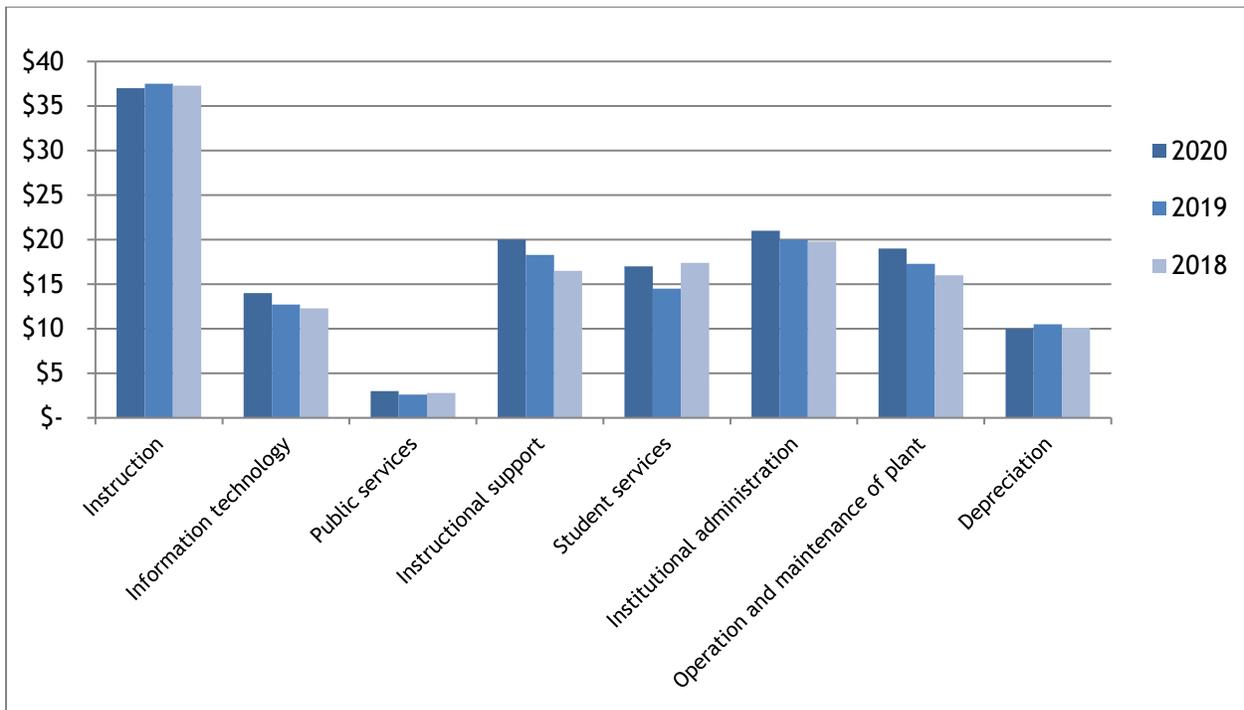
- Miscellaneous revenue increased \$2.1 million primarily due to an increase in in-kind donations to the College and from the reversal of the settlement liability with the DOE due to a favorable outcome of the appeal as described in Note 12.

Operating Expenses

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



2020, 2019, 2018 Operating Expenses by Function (in millions)



Fiscal Year 2020 Compared to 2019

Total operating expenses increased \$7.9 million primarily as a result of the following factors:

- Increases of \$4.1 million in operating expenses in Pension and OPEB Liabilities. These expenses are allocated to the various functions based on the fiscal year payroll charged to each function.
- Increases of \$1.6 million in Expendable Restricted Funds primarily due to the payment of emergency student financial assistance under the Higher Education Emergency Relief Fund of the CARES Act.
- Increases of \$1.5 million in Plant Funds due to an increases in varying activities including repairs and maintenance, building renovations, and administrative fees for bonds and construction consulting projects.

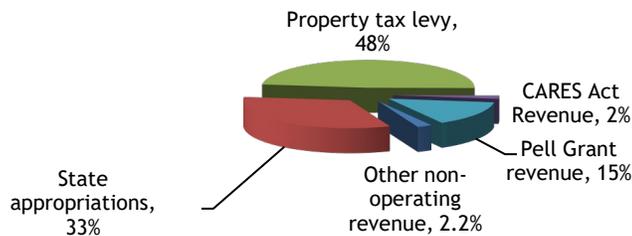
Fiscal Year 2019 Compared to 2018

Total operating expenses increased \$1.3 million. This increase included increases of \$1.3 million in operating expenses in Pension and OPEB Liabilities, Designated, Auxiliary Activities, and Plant Funds including adjustments for scholarship allowance totaling \$4.7 million offset by a decrease in Expendable Restricted Funds of \$3.4 million. The increases were attributable to implementation of the OER incentive program in the Designated Fund, bringing conference services in house in the Auxiliary Fund, and increased depreciation expense in the Plant Fund. The increase in Pension and OPEB Liabilities Fund was the result of the changes in the long-term liabilities for net pension and other postemployment benefits expense. Due to declined enrollment, adjustment for scholarship allowances decreased \$2.1 million resulting in an increase to overall expenses. The decrease in the Expendable Restricted Funds was due primarily to reduced Pell grant receipts of \$3.2 million due to decreased enrollment.

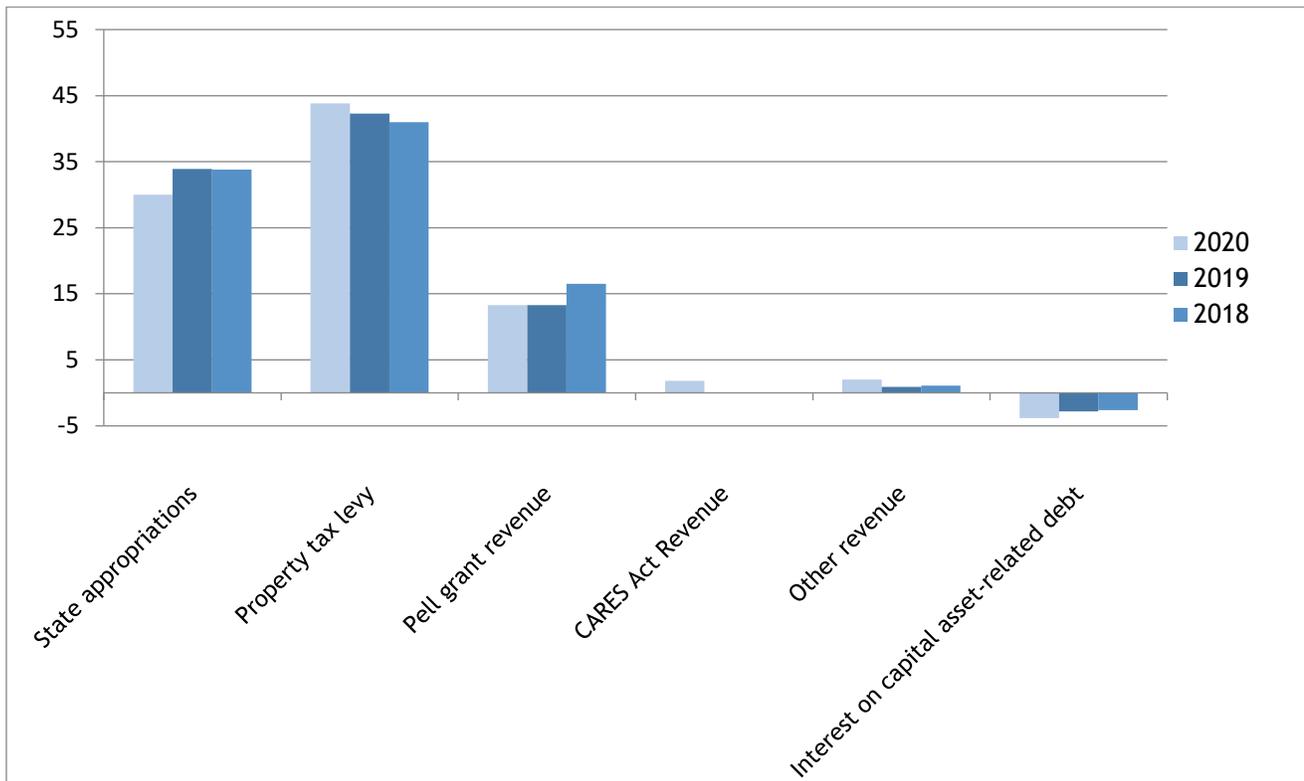
Non-Operating Revenues

Non-operating revenues consist primarily of state appropriations, property tax revenue, Pell Grant, federal nonoperating grants revenue, and other revenue.

2020 Non-Operating & Other Revenue



2020, 2019, 2018 Net Non-Operating Revenue (in millions)



Fiscal Year 2020 Compared to 2019

Total net non-operating revenues decreased \$0.6 million. This decrease was primarily due to a decrease in State Appropriations of \$3.9 million as a result of the 11% budget cut implemented by the State of Michigan and necessary adjustments in relations to the GASB 75 entries. Also, an increase in interest expense on outstanding bonds of \$1.0 million as a result of the October 2019 debt issuance. These were offset by increases in the Property Tax Levy of \$1.5 million due to increased taxable values. Also, an increase of \$1.8 million due to the receipt of emergency student financial assistance under the Higher Education Emergency Relief Fund of the CARES Act. In addition, an increases in Investment Return and Other Gains of \$1.1 million due to the investment of the bond proceeds and favorable interest rates for the first 9 months of the fiscal year.

Fiscal Year 2019 Compared to 2018

Total net non-operating revenues decreased \$1.5 million. This decrease was primarily due to a decrease in Pell Grant revenue of \$3.2 million due to decreased enrollment from 2018 offset by a \$1.3 million increase in property tax revenue as a result of increasing property values and an increase of \$.4 million in investment returns due to increasing interest rates and changes in investment strategies.

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 the College's:

- Ability to generate future net cash flows
- Ability to meet its obligations as they come due
- Needs for external financing

Cash flows (in millions) for the years ended June 30:

	2020	2019	Increase (Decrease) 2020-2019	2018	Increase (Decrease) 2019-2018
Cash provided (used) by:					
Operating activities	\$ (78.4)	\$ (78.1)	\$ (0.3)	\$ (76.5)	\$ (1.6)
Noncapital financing activities	91.5	89.2	2.3	91.8	(2.6)
Capital and related financing activities	32.3	(10.1)	42.4	(2.6)	(7.5)
Investing activities	(48.4)	3.5	(51.9)	(12.9)	16.4
Net increase (decrease) in cash	(2.9)	4.6	(7.5)	(0.2)	4.8
Cash, beginning of year	18.1	13.5	4.6	13.7	(0.2)
Cash, end of year	\$ 15.1	\$ 18.1	\$ (2.9)	\$ 13.5	\$ 4.6

Amounts may not foot due to rounding.

Fiscal Year 2020 Compared to 2019

The College's cash and cash equivalents decreased by \$2.9 million during 2020 due to a number of offsetting factors in each of the following 3 categories:

- Noncapital financing activities increased \$2.3 million due to increases in property taxes of \$1.4 million and federal CARES Act of \$1.8 million offset by an \$0.8 million decrease in State Appropriations.
- Capital and Related Financing Activities provided \$42.4 million more due to proceeds received from the October 2019 bond issuance.
- Investing Activities used \$51.9 million more due to investing activities throughout the year that resulted in sale and maturities of investments of \$14.4 million less coupled with \$37.7 million more in purchase of investments.

Fiscal Year 2019 Compared to 2018

The College's cash and cash equivalents increased by \$4.6 million during 2019 due to a number of offsetting factors in each of the following 4 categories:

- Operating Activities used \$1.6 million more due primarily to an increase in payment to or on behalf of employees of \$3.3 million offset by a decrease of \$1.4 million in receipts from grants and contracts.
- Noncapital Financing Activities receipts decreased \$2.6 million due primarily to a decrease in Pell Grant receipts of \$3.2 million offset by \$0.7 million higher property tax receipts.
- Capital and Related Financing Activities used \$7.5 million more due to the use of \$5.5 million less in the purchase of capital assets offset by no bond refunding or issuance activities. Also, there were no state capital grants in FY 2019 as compared to \$0.6 million in FY 2018. In FY 2018, the College received bond issuance proceeds of \$12.4 million.
- Investing Activities received \$16.4 million more due to investing activities throughout the year that resulted in sale and maturities of investments of \$24.6 million more offset by \$8.2 million more in purchase of investments.

Capital Assets and Debt Administration

Capital Assets at Net Book Value as of June 30, 2020, 2019, and 2018 are shown below (in millions):

	2020	2019	Increase (Decrease) 2020-2019	2018	Increase (Decrease) 2019-2018
Land	\$ 15.1	\$ 15.1	\$ -	\$ 15.1	\$ -
Buildings and improvements	251.0	250.8	0.2	247.8	3.0
Furniture, fixtures and equipment	95.0	94.2	0.8	92.7	1.5
Infrastructure and land improvements	5.2	5.1	0.1	5.0	0.1
Construction in progress	3.0	-	3.0	1.6	(1.6)
Total capital assets	369.3	365.3	4.0	362.2	3.0
Less accumulated depreciation	182.8	173.2	9.6	162.8	10.4
Capital assets, net	<u>\$ 186.5</u>	<u>\$ 192.2</u>	<u>\$ (5.6)</u>	<u>\$ 199.4</u>	<u>\$ (7.2)</u>

Amounts may not foot due to rounding

Fiscal Year 2020 Compared to 2019

As of June 30, 2020, the College had \$369.3 million invested in capital assets, net of accumulated depreciation of \$182.8 million, resulting in \$186.5 million in net capital assets. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. The total decrease in the College's net capital assets for the 2020 fiscal year is \$5.6 million. Annual depreciation for fiscal 2020 was \$10.4 million, which was offset by additions of \$4.8 million.

Significant additions include bond related building projects for the Technology and Learning Center building and the parking facilities projects totaling \$3.3 million. Also, additions of instructional equipment of \$0.7 million and operational equipment and technical equipment of \$0.5 million.

Fiscal Year 2019 Compared to 2018

As of June 30, 2019, the College had \$365.2 million invested in capital assets, net of accumulated depreciation of \$173.1 million, resulting in \$192.1 million in net capital assets. This investment in capital assets includes land, buildings, improvements, equipment, and infrastructure. The total decrease in the College's net capital assets for the 2019 fiscal year is \$7.3 million. Annual depreciation for fiscal 2019 was \$10.5 million, which was offset by additions of \$3.2 million.

Significant additions include bond related building projects for the Health and Human Services building and the West Campus building and furniture and equipment.

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

Long-Term Debt Obligations as of June 30, 2020, 2019, and 2018 are shown below
(in millions):

	2020	2019	Increase (Decrease) 2020-2019	2018	Increase (Decrease) 2019-2018
2012 building & site bonds (including premium)	\$ 27.9	\$ 31.0	\$ (3.1)	\$ 33.9	\$ (2.9)
2015 refunding bonds	4.7	5.4	(0.7)	6.1	(0.7)
2016 refunding bonds	5.1	5.9	(0.8)	6.8	(0.9)
2017 building & site bonds (including premium)	30.1	30.3	(0.2)	30.5	(0.2)
2019 building & site bonds (including premium)	44.4	-	44.4	-	-
Total long-term debt	112.3	72.7	39.6	77.3	(4.6)
Less current portion of long-term debt	(4.3)	(4.3)	-	(4.1)	(0.2)
Long-term debt, net of current portion	<u>\$ 107.9</u>	<u>\$ 68.4</u>	<u>\$ 39.5</u>	<u>\$ 73.2</u>	<u>\$ (4.8)</u>

Amounts may not foot due to rounding.

At FY 2020 year end, the College had \$112.2 million in outstanding debt including five outstanding bond issues. In October 2019, the College issued new building and site bonds. The 2019 bond will be paid off in May 2049. The December 2017 bond issue refunded a portion of the 2012 bonds and included new funding for approved capital projects. The 2017 bond will be paid off in May 2037. The remaining 2012 bond issue will be paid off in May of 2032. The 2015 refunding bonds issued in May 2016 were to pay off the 2006 bond issue. The 2016 refunding bonds issued in May 2017 were to pay off the 2007 bond issue. Both the 2015 and 2016 refunding bonds will be paid off in May 2026.

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

Economic Factors That Will Affect the Future

In fiscal year 2002, Lansing Community College received more than \$32 million in state appropriations. Since that time, Michigan community colleges have experienced a continued decrease in state appropriations until fiscal year 2013. Beginning in fiscal year 2013, appropriations to community colleges began to increase. In fiscal year 2017 through 2019 the College received appropriation above the level of 2012 for operations. Due to the Coronavirus pandemic in 2020, the College's FY 2020 State of Michigan operating appropriation was reduced by 11%. In addition, the College's Board of Trustees approved a 13% reduction in the College's FY 2021 budget. Subsequent to the adoption of the College's FY 2021 budget, the State determined to keep community college operating appropriations at the original FY 2020 levels. The College's administration is monitoring and assessing its FY 2021 adopted budget in order to make recommendations to the Board of Trustees for budget amendments as necessary.

The Coronavirus pandemic also impacted the College's ability to offer and conduct face to face classes which will impact enrollment in the upcoming academic year. The current fall enrollment compared to the prior year is currently 11.8% lower than the prior year. The overall enrollment decline for the 2021 fiscal year is budgeted at 15.8%.

During 2020, both the U.S. and Michigan economies are expected to experience recessionary conditions, largely driven by COVID-19 disruptions primarily during the first and second quarters of 2020. Both the

U.S. and Michigan economies are expected to then exhibit growth during 2021 and 2022, although Michigan is generally expected to grow more slowly than the nation as a whole. Employment gains over the forecast period will be muted, particularly compared with prior recoveries, because, while productivity growth is expected to be less than what was exhibited during the last decade, consumer demand is not likely to grow much more rapidly than productivity. The Michigan unemployment rate, which averaged 4.1% during 2019, is forecasted to average 13.5% in 2020 before decreasing to 9.9% in 2021 and 8.7% in 2022.

Property tax revenue to the College increased again in 2020. Lansing Community College ranks in the middle of Michigan's 28 community colleges in terms of taxable value per Fiscal Year Equated Student (FYES). Property tax revenue is projected to continue a slight increase in the subsequent fiscal year with continued increases in property values. In addition, the Michigan Legislature passed legislation, which caused major changes to the taxation of commercial and industrial personal property that will have an additional negative impact. Community colleges are currently receiving personal property tax replacement disbursements from the State's Local Community Stabilization Authority. The College received \$289 thousand in FY 2020 as compared to \$205 thousand in FY 2019. The continued funding from this Authority is formula based and new personal property placed in service by a business is not subject to the calculation and, accordingly, the College will realize no new revenue.

The College faces continued increases in benefit costs. The College is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree healthcare benefits on a cash disbursement basis. The contribution requirements of plan members and the College are established by Michigan statute and may be amended only by action of the State Legislature. The rates for the years ended June 30, 2020 and 2019 as a percentage of payroll ranged from 33.17 to 39.91 and 32.28 to 38.48 percent, respectively. The rates for the upcoming fiscal year range from 32.28 to 42.72 percent.

The College budgets approximately \$44.4 million in salaries and wages for General Fund employees who participate in MPSERS, therefore, each 1% increase in contribution rate equates to approximately \$444,000 more in retirement contribution costs.

The College anticipates an increase in benefit costs in Fiscal Year 2021 as a result of the increase in the mandatory hard cap percentage public employers are required to fund toward employee health benefits and the increased contribution requirements for MPSERS.

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 Financial Services, Lansing Community College, 309 N. Washington Square, Suite 203, Lansing, Michigan 48933.

LANSING COMMUNITY COLLEGE

STATEMENTS OF NET POSITION JUNE 30, 2020 AND JUNE 30, 2019

	Primary Government Lansing Community College 2020	Primary Government Lansing Community College 2019	Component Unit Lansing Community College Foundation 2020	Component Unit Lansing Community College Foundation 2019
Assets				
Current assets				
Cash and cash equivalents	\$ 15,073,366	\$ 18,019,750	\$ 331,180	\$ 185,838
Short-term investments	40,476,077	22,279,173	165,499	146,936
Property taxes receivable, net	798,349	694,894	-	-
State appropriations receivable	4,287,954	7,178,492	-	-
Accounts receivable, net	2,321,738	2,871,501	-	-
Federal and state grants receivable	1,656,135	1,531,703	-	-
Prepaid expenses and other assets	2,056,847	2,217,174	1,958	3,116
Promises to give	-	-	24,960	-
Due from component unit	31,017	18,809	-	-
Total current assets	66,701,483	54,811,496	523,597	335,890
Noncurrent assets				
Restricted cash - unspent bond proceeds	75,984	75,853	-	-
Restricted short-term investments - unspent bond proceeds	32,438,581	9,125,230	-	-
Restricted long-term investments - unspent bond proceeds	18,917,682	-	-	-
Long-term investments	-	10,117,126	13,932,157	13,817,818
Capital assets not being depreciated	18,134,237	15,155,151	-	-
Capital assets being depreciated, net	168,386,605	176,999,057	-	-
Total noncurrent assets	237,953,089	211,472,417	13,932,157	13,817,818
Total assets	304,654,572	266,283,913	14,455,754	14,153,708
Deferred outflows of resources				
Deferred charge on refunding	1,867,316	2,083,969	-	-
Deferred pension and OPEB amounts (Note 7)	60,577,120	59,515,517	-	-
Total deferred outflows of resources	62,444,436	61,599,486	-	-
Liabilities				
Current liabilities				
Accounts payable	3,456,207	4,015,960	1,256	3,841
Due to primary government	-	-	31,017	18,809
Accrued payroll and other compensation	7,260,510	6,543,985	-	-
Accrued vacation	2,332,902	1,762,517	-	-
Accrued interest payable	690,786	440,031	-	-
Unearned revenue	3,428,552	3,425,760	-	-
Current portion of debt obligations	4,345,000	4,255,000	-	-
Total current liabilities	21,513,957	20,443,253	32,273	22,650
Noncurrent liabilities				
Long-term debt obligations, net of current portion	107,942,173	68,401,166	-	-
Net pension liability (Note 7)	177,789,942	163,974,876	-	-
Net other postemployment benefits liability (Note 7)	37,657,910	43,350,196	-	-
Total noncurrent liabilities	323,390,025	275,726,238	-	-
Total liabilities	344,903,982	296,169,491	32,273	22,650
Deferred inflows of resources				
Deferred pension and OPEB amounts (Note 7)	33,204,445	31,571,773	-	-
Net (deficit) position				
Net investment in capital assets	127,533,232	130,783,094	-	-
Restricted:				
Restricted fund activities	143,914	246,003	-	-
Nonexpendable - endowments	-	-	10,011,497	9,812,869
Expendable - endowments, scholarships, and grants	-	-	4,096,075	4,094,786
Unrestricted (deficit) (Note 9)	(138,686,565)	(130,886,962)	315,909	223,403
Total net (deficit) position	\$ (11,009,419)	\$ 142,135	\$ 14,423,481	\$ 14,131,058

The accompanying notes are an integral part of these financial statements.

LANSING COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019

	Primary Government Lansing Community College 2020	Primary Government Lansing Community College 2019	Component Unit Lansing Community College Foundation 2020	Component Unit Lansing Community College Foundation 2019
Operating revenues				
Tuition and fees (net of scholarship allowances of \$16,674,804 and \$16,814,878 in 2020 and 2019, respectively)	\$ 30,728,261	\$ 30,611,199	\$ -	\$ -
Federal grants and contracts	2,267,357	2,131,800	-	-
State grants and contracts	2,070,538	2,076,078	-	-
Local grants and contracts	6,178,030	5,388,047	-	-
Sales and services of educational activities	54,123	12,494	-	-
Sales and services of auxiliary activities	623,643	407,136	-	-
Job training programs	214,296	313,051	-	-
Miscellaneous	1,005,797	4,076,182	-	-
Total operating revenues	43,142,045	45,015,987	-	-
Operating expenses				
Instruction	37,459,754	37,541,664	-	-
Information technology	13,574,193	12,727,743	-	-
Public services	2,560,771	2,567,157	-	-
Instructional support	20,207,931	18,307,771	-	-
Student services	17,222,229	14,499,277	-	-
Institutional administration	20,920,319	19,954,545	-	-
Operation and maintenance of plant	18,963,328	17,269,139	-	-
Depreciation	10,380,616	10,504,034	-	-
Foundation operations and fundraising	-	-	571,323	1,147,275
Total operating expenses	141,289,141	133,371,330	571,323	1,147,275
Operating loss	(98,147,096)	(88,355,343)	(571,323)	(1,147,275)
Nonoperating revenues (expenses)				
State appropriations	29,950,889	33,884,167	-	-
Property tax levy	43,781,074	42,298,367	-	-
Pell Grant revenue	13,208,069	13,267,697	-	-
Federal nonoperating grants - CARES Act	1,775,621	-	-	-
Investment return and other gains	2,039,284	900,682	291,297	700,125
Interest on capital asset-related debt	(3,759,395)	(2,753,686)	-	-
Gifts	-	-	809,708	1,464,616
Payments to primary government	-	-	(436,487)	(655,936)
Net nonoperating revenues	86,995,542	87,597,227	664,518	1,508,805
Change in net position before other revenues	(11,151,554)	(758,116)	93,195	361,530
Other revenues				
Additions to permanent endowment funds	-	-	199,228	226,419
Change in net position	(11,151,554)	(758,116)	292,423	587,949
Net position, beginning of year	142,135	900,251	14,131,058	13,543,109
Net (deficit) position, end of year	\$ (11,009,419)	\$ 142,135	\$ 14,423,481	\$ 14,131,058

The accompanying notes are an integral part of these financial statements.

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019

	Primary Government Lansing Community College 2020	Primary Government Lansing Community College 2019
Cash flows from operating activities		
Tuition and fees	\$ 31,174,590	\$ 30,965,918
Grants and contracts	10,391,493	9,932,022
Payments to suppliers and students	(46,039,605)	(34,996,699)
Payments to or on behalf of employees	(76,264,226)	(89,882,666)
Educational enterprise charges	54,123	12,494
Auxiliary enterprise charges	774,456	657,236
Other	1,480,262	5,254,057
Net cash used in operating activities	(78,428,907)	(78,057,638)
Cash flows from noncapital financing activities		
Local property taxes	43,677,619	42,301,217
Pell Grant receipts	13,208,069	13,267,697
Federal nonoperating grants - CARES Act	1,775,621	
William D. Ford direct lending receipts	11,898,668	11,796,581
William D. Ford direct lending disbursements	(11,898,668)	(11,796,581)
State scholarship and grant receipts	2,135,356	1,836,959
State scholarship and grant disbursements	(2,135,356)	(1,836,959)
State appropriations	32,841,427	33,672,175
Net cash provided by noncapital financing activities	91,502,736	89,241,089
Cash flows from capital and related financing activities		
Purchase of capital assets	(4,747,250)	(3,228,078)
Principal paid on capital debt	(4,255,000)	(4,120,000)
Proceeds from sales of capital assets	177,561	1,215
Proceeds from bond refunding and bond issuance	44,668,317	-
Interest paid on capital asset-related debt	(3,508,640)	(2,776,490)
Net cash provided by (used in) capital and related financing activities	32,334,988	(10,123,353)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	44,399,074	58,485,464
Interest on investments	43,820	113,585
Purchases of investments	(92,797,963)	(55,102,304)
Net cash (used in) provided by investing activities	(48,355,069)	3,496,745
Net (decrease) increase in cash and cash equivalents	(2,946,252)	4,556,843
Cash and cash equivalents, beginning of year	18,095,602	13,538,759
Cash and cash equivalents, end of year	\$ 15,149,350	\$ 18,095,602
Reconciliation to Statements of Net Position:		
Cash and cash equivalents	\$ 15,073,366	\$ 18,019,750
Restricted cash - unspent bond proceeds	75,984	75,853
Cash and cash equivalents, end of year	\$ 15,149,350	\$ 18,095,603

The accompanying notes are an integral part of these financial statements.

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND JUNE 30, 2019

	Primary Government Lansing Community College 2020	Primary Government Lansing Community College 2019
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (98,147,096)	\$ (88,355,343)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	10,380,616	10,504,034
Gain on sale of equipment	-	(1,215)
Amortization of bond premium	(782,310)	(561,033)
Amortization of loss on refunding	216,653	216,653
(Increase) decrease in operating assets:		
Accounts receivable, net	443,537	657,020
Federal and state grants receivable	(124,432)	336,097
Inventories	-	96,703
Prepaid expenses and other assets	160,327	(226,049)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	(559,753)	(3,725,200)
Accrued payroll and other compensation	716,525	(443,281)
Accrued vacation	570,385	98,457
Unearned revenue	2,792	(302,300)
Change in net pension and OPEB liability and deferred amounts	8,693,849	3,647,819
Net cash used in operating activities	<u>\$ (78,428,907)</u>	<u>\$ (78,057,638)</u>

The accompanying notes are an integral part of these financial statements.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

During the years ended June 30, 2020 and 2019, the Foundation distributed \$436,487 and \$655,936, respectively, to the College for both restricted and unrestricted purposes. Complete financial statements prepared in accordance with accounting standards established by the Financial Accounting Standards Board for the Foundation can be obtained from the Administrative Office at 309 N. Washington, Suite 203, Lansing, Michigan, 48933.

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

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

C. Cash and Cash Equivalents

Cash and cash equivalents consists of demand deposits in banks, cash on hand, and highly liquid investments with an initial maturity of three months or less.

D. Investments

College investments must conform to State statutes governing investment of public funds and are limited to allowable investments as stated in the statute. All College investments held at June 30, 2020 and June 30, 2019 were in the form of Insured Cash Sweep Account (ICS), Certificate of Deposit Account Registry Service (CDARS), Certificates of Deposit (CD), and the Michigan Liquid Asset Fund Plus (MILAF). A portion of the investments at MILAF are invested in open market securities, such as commercial paper and US Treasury Notes which are managed by an investment advisor. All of these types of investments are recorded at the initial investment amount plus earned interest and are classified as short- or long-term investments based on the instrument's maturity date.

The College records its investments at fair value, which is determined by using quoted market prices. Realized and unrealized gains and losses from the securities in the investment accounts are allocated monthly based on the relationship of the estimated market value of each account to the total market value of the investment accounts, as adjusted for additions to or deductions from those accounts.

E. Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (level 1) and the lowest priority to unobservable data (level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurements, refer to Note 2 to the financial statements.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

F. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense when necessary and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

G. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated assets are valued at their estimated acquisition value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

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

Buildings and major building improvements are depreciated using a 10% salvage value. The College's capitalization policy is to capitalize buildings/improvements exceeding \$150,000 and all other individual items exceeding \$5,000.

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

H. Prepaid Expenses and Other Assets

Expenses, such as insurance premiums, that are expected to be of benefit within the next fiscal year are included in prepaid expenses. Deposits paid for equipment not yet received are included in other assets.

I. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense) until then. The College reports a deferred outflow of resources for its deferred charge on refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This deferred outflow is amortized over the shorter of the life of the refunded or refunding bonds. The College also reports deferred outflows of resources for certain pension and other post-employment benefits (OPEB) related amounts. More detailed information can be found in Note 7.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

J. Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The College reports deferred inflows of resources for certain pension and OPEB related amounts. More detailed information can be found in Note 7.

K. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan, and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Revenue and Expense Recognition

Operating revenues of the College consist of tuition and fees, grants and contracts, sales and services of educational activities and auxiliary enterprise revenues. Transactions related to capital and financing activities, noncapital financing activities, investing activities, State appropriations, property taxes, other non-exchange government grants, and Pell Grant revenue are components of nonoperating and other revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy an expense.

Revenues received prior to year-end that are related to the next fiscal period are recorded as unearned revenues. Unearned revenue relates primarily to student tuition and fees on the summer semester and student deposits. The 2020 summer semester began May 18, 2020 and ended August 10, 2020. The 2019 summer semester began May 16, 2019 and ended August 12, 2019.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

N. Property Tax Levy

Property taxes levied by the College are collected by various municipalities and periodically remitted to the College. The taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. Property tax revenues are recognized when levied to the extent that they are determined to be collectible. Property taxes receivable are recorded net of an allowance for uncollectibles. For the years ended June 30, 2020 and 2019, the College levied 3.8072 mills per \$1,000 of assessed valuation for general operations.

O. State Appropriations Revenue

State appropriations revenue has been recorded in accordance with the MUFRA. Due to the COVID-19 pandemic during fiscal year 2020, the State of Michigan experienced a significant loss of revenue and the College's operating appropriations were reduced by \$3.7 million. The College will receive an equal amount in fiscal year 2021 from the State of Michigan's CARES grants to apply towards eligible expenses.

P. Internal Service Activities

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

Q. Accrued Vacation

Accrued vacation represents the accumulated liability to be paid under the College's vacation pay policy. Under the College's policy, employees earn vacation time based on time of service with the College and must use their accrued vacation within one year or it is forfeited. Accordingly, the entire accrued vacation balance as of June 30, 2020 and 2019 is classified as a current liability in the accompanying statements of net position.

R. Long-Term Obligations

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

S. Sabbatical Leaves

In accordance with the collective bargaining agreement between the College and its faculty, the College grants sabbatical leaves to various full-time instructors. The leaves are granted to enhance the professional competence of the instructors, who are required to return to the College for a period of one year. Compensation is recorded as an expense in the fiscal year that the leave is taken.

T. Use of Estimates

The process of preparing basic financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts. Estimates include allowances for doubtful accounts, estimated useful lives and salvage value of property, net pension and OPEB liabilities, and deferred outflows and inflows related to pension and OPEB amounts.

U. Foundation Reporting

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Accounting Standards Codification (ASC) Topic 958 regarding financial reporting for not-for-profit entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting for these differences.

V. Change in Accounting Principle

For 2020, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by extending the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. This statement had no effect on beginning net position/fund balance.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

2. DEPOSITS AND INVESTMENTS

Deposit and investment amounts are reported in the statements of net position at June 30 as follows:

Type of Deposit and Investment	2020	2019
Cash and cash equivalents	\$ 15,073,366	\$ 18,019,750
Restricted cash	75,984	75,853
Short-term investments:		
Certificates of Deposit (CDs)	12,663,242	-
Insured Cash Sweep (ICS) Account	228,648	227,978
Certificate of Deposit Account Registry Service (CDARS)	17,224,214	14,885,034
Michigan Liquid Asset Fund Plus (MILAF) - Money Market Mutual Funds	10,359,973	7,166,161
Total short-term investments	<u>40,476,077</u>	<u>22,279,173</u>
Restricted short-term investments:		
CDs	-	4,027,581
Commercial Paper	9,218,802	-
MILAF - Term	1,900,000	-
MILAF - Money Market Mutual Funds	21,319,779	5,097,649
Total short-term restricted investments	<u>32,438,581</u>	<u>9,125,230</u>
Long-term investments:		
CDs	-	5,000,000
CDARS	-	5,117,126
Total long-term investments	<u>-</u>	<u>10,117,126</u>
Restricted long-term investments:		
US Treasury Notes	15,462,177	-
Federal Agency Notes	3,455,505	-
Total long-term restricted investments	<u>18,917,682</u>	<u>-</u>
Total Deposits and Investments	<u>\$106,981,690</u>	<u>\$ 59,617,132</u>

Fair Value Measurements. The following is a description of the valuation methodology used for assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified.

Term issues: Valued at face value plus accrued interest earned and classified as level 1.

US Treasury Notes/Bonds, Federal Agency Notes/Bonds, and Commercial Paper: Value is based on similar data values or market prices and classified as level 2.

The College does not have any level 3 issues as of June 30, 2020.

The College did not hold any investment securities as of June 30, 2019.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The College has investments with the following recurring fair value measurements as of June 30, 2020 and 2019:

2020	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 12,663,242	\$ -	\$ -	\$ 12,663,242
ICS & CDARS	17,452,862	-	-	17,452,862
Money Market & Term	33,579,752	-	-	33,579,752
Commercial Paper	-	9,218,802	-	9,218,802
US Treasury Notes	-	15,462,177	-	15,462,177
Federal Agency Notes	-	3,455,505	-	3,455,505
Total Investments	\$63,695,856	\$28,136,484	\$ -	\$ 91,832,340

2019	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 9,027,581	\$ -	\$ -	\$ 9,027,581
ICS & CDARS	20,230,138	-	-	20,230,138
Money Market & Term	12,263,810	-	-	12,263,810
Total Investments	\$ 41,521,529	\$ -	\$ -	\$ 41,521,529

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.

The College's investments have scheduled maturities as follows as of June 30:

2020	Less Than One Year	One to Five Years	Total
Certificates of deposit	\$ 12,663,242	\$ -	\$ 12,663,242
ICS & CDARS	17,452,862	-	17,452,862
Money Market & Term	33,579,752	-	33,579,752
Commercial Paper	9,218,802	-	9,218,802
US Treasury Notes	-	15,462,177	15,462,177
Federal Agency Notes	-	3,455,505	3,455,505
Total Investments	\$ 72,914,658	\$ 18,917,682	\$ 91,832,340

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

2019	Less Than One Year	One to Five Years	Total
Certificates of deposit	\$ 4,027,581	\$ 5,000,000	\$ 9,027,581
ICS & CDARS	15,113,012	5,117,126	20,230,138
Money Market & Term	12,263,810	-	12,263,810
Total Investments	\$ 31,404,403	\$ 10,117,126	\$ 41,521,529

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO). The College does not allow direct investment in corporate bonds. The College has investments in commercial papers that are rated at A-1 and A-1+ by Moody's and P-1 by Standard & Poor's.

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

No more than \$10,000,000 shall be invested in any of the following:

1. The certificates of deposit, savings accounts, or share certificates of any one financial institution.
2. The bankers' acceptances of any one bank.
3. The commercial paper of any one issuer.

Investments in commercial paper rated prime 1, certificates of deposit, savings accounts, share certificates, or bankers' acceptances may not exceed 5% of the issuer's net worth at the time of purchase by the College. Investments in commercial paper rated prime 2 may not exceed 3% of the issuer's net worth at the time of purchase by the College.

The investment officer will attempt to match investments with anticipated cash flow requirements to prevent the need to sell securities before maturation.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank or financial institution failure, the College's deposits may not be returned to it because the deposits were uninsured and uncollateralized. It is the policy of the College to minimize custodial credit risk whenever possible. At June 30, 2020, \$73,879,478 of the College's bank balance of \$109,313,990 was uninsured or uncollateralized. At June 30, 2019, \$20,791,391 of the College's bank balance of \$60,022,220 was uninsured or uncollateralized. The College does have over \$10,000,000 at one institution as of June 30, 2020 and 2019. That institution collateralizes the College's balances with U.S. Treasury Notes.

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.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

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

3. PROPERTY TAXES AND ACCOUNTS RECEIVABLE

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

Property Taxes	2020	2019
Property taxes receivable	\$ 2,705,232	\$ 2,138,634
Less allowance for doubtful collection	<u>(1,906,883)</u>	<u>(1,443,740)</u>
Property taxes receivable, net	<u>\$ 798,349</u>	<u>\$ 694,894</u>

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

Accounts Receivable	2020	2019
Accounts receivable	\$ 17,863,182	\$ 19,210,295
Less allowance for doubtful collection	<u>(15,541,444)</u>	<u>(16,338,794)</u>
Accounts receivable, net	<u>\$ 2,321,738</u>	<u>\$ 2,871,501</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2020 and 2019 follows:

Capital Asset Activity	Beginning Balance July 1, 2019	Additions	Deletions	Transfers	Ending Balance June 30, 2020
Assets not being depreciated:					
Land	\$ 15,147,861	\$ -	\$ -	\$ -	\$ 15,147,861
Construction in progress	7,290	3,333,238	-	(354,152)	2,986,376
Total capital assets not being depreciated	15,155,151	3,333,238	-	(354,152)	18,134,237
Capital assets being depreciation:					
Buildings and Improvements	250,816,093	-	-	212,152	251,028,245
Furniture and equipment	94,234,046	1,360,596	(765,904)	142,000	94,970,738
Infrastructure and improvements	5,099,256	76,458	-	-	5,175,714
Total capital assets being depreciated	350,149,395	1,437,054	(765,904)	354,152	351,174,697
Less accumulated depreciation:					
Buildings and Improvements	90,050,055	5,385,916	-	-	95,435,971
Furniture and equipment	79,070,973	4,785,254	(742,862)	-	83,113,365
Infrastructure and improvements	4,029,310	209,446	-	-	4,238,756
Total accumulated depreciation	173,150,338	10,380,616	(742,862)	-	182,788,092
Capital assets being depreciated, net	176,999,057	(8,943,562)	(23,042)	354,152	168,386,605
Capital assets, net	\$192,154,208	\$ (5,610,324)	\$ (23,042)	\$ -	\$186,520,842

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Capital Asset Activity	Beginning Balance July 1, 2018	Additions	Deletions	Transfers	Ending Balance June 30, 2019
Assets not being depreciated:					
Land	\$ 15,147,861	\$ -	\$ -	\$ -	\$ 15,147,861
Construction in progress	1,595,160	1,382,018	-	(2,969,978)	7,290
Total capital assets not being depreciated	<u>16,743,021</u>	<u>1,382,108</u>	<u>-</u>	<u>(2,969,978)</u>	<u>15,155,151</u>
Capital assets being depreciation:					
Buildings and Improvements	247,818,590	55,321	-	2,942,182	250,816,093
Furniture and equipment	92,679,910	1,682,348	(156,008)	27,796	94,234,046
Infrastructure and improvements	4,990,955	108,301	-	-	5,099,256
Total capital assets being depreciated	<u>345,489,455</u>	<u>1,845,970</u>	<u>(156,008)</u>	<u>2,969,978</u>	<u>350,149,395</u>
Less accumulated depreciation:					
Buildings and Improvements	84,724,042	5,326,013	-	-	90,050,055
Furniture and equipment	74,242,667	4,984,314	(156,008)	-	79,070,973
Infrastructure and improvements	3,835,603	193,707	-	-	4,029,310
Total accumulated depreciation	<u>162,802,312</u>	<u>10,504,034</u>	<u>(156,008)</u>	<u>-</u>	<u>173,150,338</u>
Capital assets being depreciated, net	<u>182,687,143</u>	<u>(8,658,064)</u>	<u>-</u>	<u>2,969,978</u>	<u>176,999,057</u>
Capital assets, net	<u>\$ 199,430,164</u>	<u>\$ (7,275,956)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$192,154,208</u>

As of June 30, 2020, construction in progress reflected amounts expended for the TLC building renovation, the new parking ramp project, and Perkins equipment for aviation components and hospital beds which was not yet completed or received as of June 30, 2020. As of June 30, 2020, the College had \$52,358,000 of outstanding commitments related to these projects, which will be funded by certain grant and bond monies.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

5. UNEARNED REVENUE

Unearned revenue at June 30 consists of the following:

Type of Unearned Revenue	2020	2019
Conference services deposits	\$ 31,802	\$ 48,576
Student tuition and fees	3,206,510	2,965,495
Restricted funds	190,240	411,689
Total Unearned Revenue	<u>\$ 3,428,552</u>	<u>\$ 3,425,760</u>

6. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2020 was as follows:

Long-Term Liability	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 64,445,000	\$38,030,000	\$ 4,255,000	\$98,220,000	<u>\$ 4,345,000</u>
Bond Premium	8,211,166	6,638,317	782,310	14,067,173	
Total Liability	<u>\$72,656,166</u>	<u>\$44,668,317</u>	<u>\$5,037,310</u>	112,287,173	
Less current portion of long-term liabilities				4,345,000	
Long-term liabilities, net of current portion				<u><u>\$107,942,173</u></u>	

Long-term liabilities activity for the year ended June 30, 2019 was as follows:

Long-Term Liability	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 68,565,000	\$ -	\$ 4,120,000	\$ 64,445,000	<u>\$ 4,255,000</u>
Bond Premium	8,772,199	-	561,033	8,211,166	
Total Liability	<u>\$77,337,199</u>	<u>\$ -</u>	<u>\$4,681,003</u>	72,656,166	
Less current portion of long-term liabilities				4,255,000	
Long-term liabilities, net of current portion				<u><u>\$ 68,410,166</u></u>	

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

Bond Issues	2020	2019
2012 building and site and refunding bonds original balance of \$50,300,000, due in annual installments of \$80,000 to \$5,240,000 through May 1, 2032 plus interest at 2.0% to 5.0% (partially refunded during fiscal 2017)	\$ 23,395,000	\$ 26,050,000
2015 limited tax refunding bonds original balance of \$7,395,000, due in annual installments of \$640,000 to \$845,000 through May 1, 2026 plus interest at 2.20%	4,735,000	5,425,000
2016 limited tax refunding bonds original balance of \$7,725,000, due in annual installments of \$85,000 to \$870,000 through May 1, 2026 plus interest at 2.140%	5,130,000	5,945,000
2017 building and site and refunding bonds original balance of \$27,545,000, due in installments of \$85,000 to \$4,435,000 through May 1, 2037 plus interest at 3.0% to 5.0%	26,930,000	27,025,000
2019 building and site bonds original balance of \$38,030,000, due in installments of \$620,000 to \$2,225,000 through May 1, 2049 plus interest at 3.0% to 5.0%	<u>38,030,000</u>	<u>-</u>
Total bond issues	98,220,000	64,445,000
Plus: premium on bonds	<u>14,067,173</u>	<u>8,211,166</u>
Total long-term debt obligations	<u>\$112,287,173</u>	<u>\$ 72,656,166</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Scheduled principal and interest requirements of debt obligations for years succeeding June 30, 2020 are summarized as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 4,345,000	\$ 4,144,714	\$ 8,489,714
2022	4,495,000	3,993,292	8,488,292
2023	4,675,000	3,818,191	8,493,191
2024	4,860,000	3,630,589	8,490,589
2025	5,055,000	3,434,302	8,489,302
2026-2030	28,015,000	14,039,520	42,054,520
2031-2035	19,795,000	7,551,813	27,346,813
2036-2040	9,455,000	4,474,038	13,929,038
2041-2045	9,000,000	2,474,500	11,474,500
2046-2049	8,525,000	648,600	9,173,600
Total	98,220,000	48,209,559	146,429,559
Premium on bonds	14,067,173	-	14,067,173
Total as of June 30, 2020	\$112,287,173	\$48,209,559	\$160,496,732

Scheduled principal and interest requirements of debt obligations for years succeeding June 30, 2019 are summarized as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 4,255,000	\$ 2,640,186	\$ 6,895,186
2021	3,725,000	2,471,964	6,196,964
2022	3,845,000	2,351,542	6,196,542
2023	3,990,000	2,208,941	6,198,941
2024	4,140,000	2,055,589	6,195,589
2025-2029	22,820,000	7,863,560	30,683,560
2030-2034	18,215,000	2,532,712	20,747,712
2035-2037	3,455,000	235,501	3,690,501
Total	64,445,000	22,359,995	86,804,995
Premium on bonds	8,211,166	-	8,211,166
Total as of June 30, 2019	\$ 72,656,166	\$ 22,359,995	\$ 95,016,161

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Interest is payable semi-annually on the bonds payable. The principal and interest are generally payable from the College's nonoperating revenues. Certain bonds are callable at par and accrue interest plus a premium. Total interest charged to expense for the years ended June 30, 2020 and 2019 was \$3,759,395 and \$2,753,686, respectively.

Bond Defeasance

During fiscal year 2018, Lansing Community College advance refunded \$16,680,000 of 2012 general obligation limited tax bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments on \$16,680,000 of refunded debt. As a result, the certificates are considered defeased and the liabilities have been removed from the statement of net position. The refunding resulted in an interest savings of \$1,404,788 and an economic gain of \$900,005. At June 30, 2020 and 2019, \$16,680,000 of bonds outstanding are considered defeased.

7. EMPLOYEE RETIREMENT SYSTEM

Defined Benefit Plan

Plan Description. The College contributes to the Michigan Public School Employees Retirement System (MPSERS), a cost-sharing multi-employer state-wide, defined benefit public employee retirement plan governed by the state of Michigan (the "State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available at the ORS website at www.michigan.gov/orsschools.

Pension Benefits Provided. Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided. Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions. Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 21-year period beginning October 1, 2018 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2020, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 12.21% - 12.41% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	18.25% - 19.41%
Member Investment Plan (MIP)	3.00% - 7.00%	18.25% - 19.41%
Pension Plus	3.00% - 6.40%	16.46%
Pension Plus 2	6.20%	19.59%
Defined Contribution	0.00%	13.39%

Required contributions to the pension plan from the College were \$15,350,591, \$14,371,191, and \$15,209,331 for the years ended June 30, 2020, 2019, and 2018, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2020:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	7.93% - 8.09%
Personal Healthcare Fund (PHF)	0.00%	7.57%

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Required contributions to the OPEB plan from the College were \$3,826,617, \$3,835,528, and \$3,508,061 for the years ended June 30, 2020, 2019, and 2018, respectively.

The table below summarizes defined contribution rates in effect for fiscal year 2020:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the years ended June 30, 2020, 2019, and 2018, required and actual contributions from the College for those members with a defined contribution benefit were \$381,979, \$379,642, and \$186,287, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020 and 2019, the College reported a liability of \$177,789,942 and \$163,974,876, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2018 and 2017, respectively. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2019, the College's proportion was 0.53686%, which was a decrease of 0.00860% from its proportion measured as of September 30, 2018 of 0.54546%.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2020, the College recognized pension expense of \$26,101,000. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2020	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	\$ 34,811,396	\$ -	\$ 34,811,396
Differences between expected and actual experience	796,911	741,367	55,544
Change in proportion and differences between employer contributions and proportionate share	252,686	3,240,142	(2,987,456)
Net difference between projected and actual earnings on pension plan investments	-	5,697,866	(5,697,866)
Total	<u>35,860,993</u>	<u>9,679,375</u>	<u>26,181,618</u>
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	7,132,996	(7,132,996)
College contributions subsequent to the measurement date	<u>13,574,684</u>	<u>-</u>	<u>13,574,684</u>
Total	<u>\$ 49,435,677</u>	<u>\$ 16,812,371</u>	<u>\$ 32,623,306</u>

The \$13,574,684 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. The \$7,132,996 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriation revenue for the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended June 30	Amount
2021	\$ 10,477,544
2022	8,182,673
2022	5,370,404
2024	2,150,997
Total	<u>\$ 26,181,618</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2019, the College recognized pension expense of \$19,570,000. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2019	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	\$ 37,976,446	\$ -	\$ 37,976,446
Differences between expected and actual experience	760,874	1,191,577	(430,703)
Change in proportion and differences between employer contributions and proportionate share	657,400	2,726,684	(2,069,284)
Net difference between projected and actual earnings on pension plan investments	-	11,211,713	(11,211,713)
Total	<u>39,394,720</u>	<u>15,129,974</u>	<u>24,264,746</u>
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	6,224,328	(6,224,328)
College contributions subsequent to the measurement date	<u>12,538,064</u>	<u>-</u>	<u>12,538,064</u>
Total	<u>\$ 51,932,784</u>	<u>\$ 21,354,302</u>	<u>\$ 30,578,482</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020 and 2019, the College reported a liability of \$37,657,910 and \$43,350,196, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019 and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2018 and 2017. The College's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2019, the College's proportion was 0.52465%, which was a decrease of 0.02071% from its proportion measured as of September 30, 2018 of 0.54536%.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2020, the College recognized OPEB expense of \$535,000. At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2020	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	\$ 8,159,707	\$ -	\$ 8,159,707
Differences between expected and actual experience	-	13,817,752	(13,817,752)
Net difference between projected and actual earnings on OPEB plan investments	-	654,889	(654,889)
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,203	1,919,433	(1,910,230)
Total	<u>8,168,910</u>	<u>16,392,074</u>	<u>(8,223,164)</u>
College contributions subsequent to the measurement date	<u>2,972,533</u>	<u>-</u>	<u>2,972,533</u>
Total	<u>\$ 11,141,443</u>	<u>\$ 16,392,074</u>	<u>\$ (5,250,631)</u>

The \$2,972,533 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended June 30	Amount
2021	\$ (2,181,614)
2022	(2,181,614)
2023	(1,856,454)
2024	(1,308,778)
2025	<u>(694,704)</u>
Total	<u>\$ (8,223,164)</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2019, the College recognized OPEB expense of \$2,015,000. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2019	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	\$ 4,590,808	\$ -	\$ 4,590,808
Differences between expected and actual experience	-	8,068,585	(8,068,585)
Net difference between projected and actual earnings on OPEB plan investments	-	1,666,052	(1,666,052)
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,922	482,834	(469,912)
Total	<u>4,603,730</u>	<u>10,217,471</u>	<u>(5,613,741)</u>
College contributions subsequent to the measurement date	<u>2,979,003</u>	<u>-</u>	<u>2,979,003</u>
Total	<u>\$ 7,582,733</u>	<u>\$ 10,217,471</u>	<u>\$ (2,634,738)</u>

Actuarial Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total pension and OPEB liabilities in the September 30, 2018 and 2017 actuarial valuations (for the fiscal years ended June 30, 2020 and 2019, respectively) were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.80% (7.05% for 2017)
Pension Plus plan (hybrid)	6.80% (7.00% for 2017)
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.95% (7.15% for 2017)
Cost of living adjustments	3.0% annual, non-compounded for MIP members
Healthcare cost trend rate	7.5% Year 1 graded to 3.5% (3.0% for 2017) Year 12

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Mortality	RP-2014 Male and Female Healthy Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006. For retirees, the tables were scaled by 82% for males and 78% for females. For active members, 100% of the table rates were used for both males and females.
Other OPEB assumptions:	
Opt out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those - hired after June 30, 2008 are assumed to opt out of the retiree health plan. 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Survivor coverage	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents
Coverage election at retirement	

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4977 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.7101 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation. The total pension and OPEB liabilities as of September 30, 2018, are based on the results of an actuarial valuation date of September 30, 2017, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.5304 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.6018 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Long-Term Expected Return on Pension Plan Assets.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of September 30, 2019 and 2018, are summarized in the following tables:

2019	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Asset Class			
Domestic equity pools	28.00 %	5.50 %	1.54 %
Alternative investment pools	18.00	8.60	1.55
International equity	16.00	7.30	1.17
Fixed income pools	10.50	1.20	0.13
Real estate and infrastructure pools	10.00	4.20	0.42
Absolute return pools	15.50	5.40	0.84
Short-term investment pools	2.00	0.08	0.00
			5.65 %
Total Allocation	100.00 %		
Inflation			2.30
Risk Adjustment			-1.15
Investment rate of return			6.80 %
2018	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Asset Class			
Domestic equity pools	28.00 %	5.70 %	1.60 %
Alternative investment pools	18.00	9.20	1.66
International equity	16.00	7.20	1.15
Fixed income pools	10.50	0.50	0.05
Real estate and infrastructure pools	10.00	3.90	0.39
Absolute return pools	15.50	5.20	0.81
Short-term investment pools	2.00	0.00	0.00
			5.66 %
Total Allocation	100.00 %		
Inflation			2.30
Risk Adjustment			-0.91
Investment rate of return			7.05 %

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Long-term Expected Return on OPEB Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019 and 2018, are summarized in the following tables:

2019	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Asset Class			
Domestic equity pools	28.00 %	5.50 %	1.54 %
Alternative investment pools	18.00	8.60	1.55
International equity	16.00	7.30	1.17
Fixed income pools	10.50	1.20	0.13
Real estate and infrastructure pools	10.00	4.20	0.42
Absolute return pools	15.50	5.40	0.84
Short-term investment pools	2.00	0.08	0.00
			5.65 %
Total Allocation	100.00 %		
Inflation			2.30
Risk Adjustment			-1.00
Investment rate of return			6.95 %
2018	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Asset Class			
Domestic equity pools	28.00 %	5.70 %	1.60 %
Alternative investment pools	18.00	9.20	1.66
International equity	16.00	7.20	1.15
Fixed income pools	10.50	0.50	0.05
Real estate and infrastructure pools	10.00	3.90	0.39
Absolute return pools	15.50	5.20	0.81
Short-term investment pools	2.00	0.00	0.00
			5.66 %
Total Allocation	100.00 %		
Inflation			2.30
Risk Adjustment			-0.8
Investment rate of return			7.15 %

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.14% and 5.37%, respectively. For the fiscal year ended September 30, 2018, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 11.11% and 10.75%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80% (7.05% for 2019) was used to measure the total pension liability (6.80% for the Pension Plus plan (7.0% for 2019), 6.0% for the Pension Plus 2 plan, both of which are hybrid plans provided through non-university employers only) and a discount rate of 6.95% (7.15% for 2019) was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.80% (7.05% for 2019) 6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan) and 6.95% (7.15% for 2019), respectively. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of the College's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2020:

As of June 30, 2020	1% Decrease (5.80% / 5.80% / 5.00%)	Current Discount Rate (6.80% / 6.80% / 6.00%)	1% Increase (7.80% / 7.80% / 7.00%)
College's proportionate share of net pension liability	\$ 231,138,299	\$ 177,789,942	\$ 133,562,317

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.05% (7.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2019:

As of June 30, 2019	1% Decrease (6.05% / 6.00% / 5.00%)	Current Discount Rate (7.05% / 7.00% / 6.00%)	1% Increase (8.05% / 8.00% / 7.00%)
College's proportionate share of net pension liability	\$ 215,286,348	\$ 163,974,876	\$ 121,343,384

Sensitivity of College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate.

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2020:

As of June 30, 2020	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of net OPEB liability	\$ 46,193,085	\$ 37,657,910	\$ 30,490,733

The following presents the College's proportionate share of the net OPEB liability calculated using the discount rate of 7.15%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2019:

As of June 30, 2019	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
College's proportionate share of net OPEB liability	\$ 52,041,029	\$ 43,350,196	\$ 36,040,144

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Sensitivity of College's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2020:

As of June 30, 2020	1% Decrease (6.5%)	Current Cost Trend Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of net OPEB liability	\$ 30,186,876	\$ 37,657,910	\$ 46,192,073

The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher as of June 30, 2019:

As of June 30, 2019	1% Decrease (6.5%)	Current Cost Trend Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of net OPEB liability	\$ 35,655,059	\$ 43,350,196	\$ 52,178,090

Pension and OPEB Plans Fiduciary Net Position. Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan. At June 30, 2020, the College reported a payable of \$1,455,227 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2020. As of June 30, 2019, the College reported a payable of \$1,460,079 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2019.

Payable to the OPEB Plan. At June 30, 2020, the College reported a payable of \$163,294 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2020. At June 30, 2019, the College reported a payable of \$144,744 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2019.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

8. OPTIONAL RETIREMENT PROGRAM

Plan Description

The College has adopted the Lansing Community College Optional Retirement Plan (ORP) under IRS Code Section 403(A). This defined contribution plan is administered by the College and provides retirement benefits to participants. The ORP was established pursuant to Public Act No. 296 of 1994 and permits full-time faculty and administrative staff of the College to elect an optional retirement plan in lieu of coverage under MPERS. The Plan had 154 and 155 participants at June 30, 2020 and 2019, respectively.

Funding Policy

The contribution requirements of plan members and the College are established by the plan document as 4.3% and 12.0% of MPERS compensation, respectively. Institutional plan contributions will only be made for participants who have authorized the required participant plan contribution. Participant contributions are fully vested and non-forfeitable when made. Institutional contributions vest after two years of continuous full-time service as interpreted under MPERS guidelines. The participant and College contributions to ORP for the year ended June 30, 2020 were \$546,208 and \$1,524,309, respectively. The participant and College contributions to ORP for the year ended June 30, 2019 were \$524,174 and \$1,462,815, respectively.

9. UNRESTRICTED NET DEFICIT

The components of the College's unrestricted net deficit at June 30 are as follows:

Unrestricted Net Deficit	2020	2019
Auxiliary activities	\$ 2,293,096	\$ 2,487,485
Encumbrances	609,091	155,016
Plant improvements	19,954,830	21,215,529
Pension and OPEB liabilities fund deficit	(188,075,177)	(179,381,328)
Board of Trustees designated purposes	707,401	617,069
Undesignated	25,824,194	24,019,267
Total unrestricted net deficit	\$ (138,686,565)	\$ (130,886,962)

10. LEASES

The College conducts a portion of its operations with leased property, including parking facilities and buildings. Net rental expense on these operating leases was \$836,741 and \$1,054,293 for fiscal 2020 and 2019, respectively.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The following is a schedule of annual future minimum lease payments required under these non-cancelable operating leases as of June 30, 2020:

Year	Amount
2021	\$ 941,162
2022	512,044
2023	457,494
2024	452,874
2025	452,874
2026-2030	295,622
2031-2035	212,385
2036-2040	8,538
Total	<u>\$3,332,993</u>

11. RISK MANAGEMENT

The College is exposed to various risks of loss related to property loss, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The College participates in the Middle Cities Risk Management Pool for claims relating to auto, property, and liability; the College is separately insured for medical benefits provided to employees' claims. The Middle Cities Risk Management Trust (the Trust) provides a single multi-peril contract under which the members are covered for various types of risk including auto, property and liability.

Contributions for premiums received from members are recorded as revenue by the Trust. Claim losses, along with excess insurance premiums and services fees, are recorded as expenses by the Trust. The estimated total costs of claim losses are accrued by the Trust. To the extent the group's contributions are deemed to exceed claim losses and other costs, the excess amount is refunded to the members by the Trust. If necessary, funding deficits in individual policy years are recovered through additional member contributions assessed to members of that policy year.

12. CONTINGENCIES

The College may be subject to various legal proceedings and claims which arise in the ordinary course of its business. The College believes that the amount, if any, of ultimate liability with respect to legal actions will be immaterial or will be covered by insurance.

The College conducts certain programs pursuant to grants and contracts funded, and subject to audit, by various federal and state agencies. Amounts questioned as a result of future audits, if any, may result in refunds to these governmental agencies. Any liabilities for reimbursements which may arise as the result of these future audits is not believed to be material.

LANSING COMMUNITY COLLEGE

■ NOTES TO FINANCIAL STATEMENTS

■ 13. RISK AND ECONOMIC UNCERTAINTIES

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. Due to the pandemic, Michigan's Governor issued temporary Executive Orders that, among other stipulations, effectively prohibit certain in-person activities while requiring numerous safety measures and protocols to be met in order to resume in person learning, having the effect of suspending or severely curtailing certain on-campus operations including on-campus learning, health and fitness center, and conference services during the Spring/Summer and Fall 2020 semesters. In response to the pandemic, the College was allocated funding in the amount of approximately \$5.8 million through the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted into law on March 28, 2020. During the year ended June 30, 2020, the College awarded eligible CARES Act grants to students in the amount of \$1,743,150. The College also incurred \$32,471 in eligible institutional costs under the CARES Act. Subsequent to the College's fiscal year end, funding in the amount of \$3,681,900 was received from the State of Michigan. These CARES Act federal funds were passed through the state as a supplement to help offset budget reductions at the state level. The extent of the ultimate impact of the pandemic on the College's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, and its impact on students, employees, and vendors, all of which cannot be reasonably predicted at this time.

■ ■ ■ ■ ■

LANSING COMMUNITY COLLEGE

Required Supplementary Information

MPERS Cost-Sharing Multiple Employer Plan

Schedule of the College's Proportionate Share of the Net Pension Liability

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
College's proportionate share of the net pension liability	\$ 177,789,942	\$ 163,974,876	\$ 141,871,522	\$ 139,408,096	\$ 134,564,773	\$ 123,194,232
College's proportion of the net pension liability	0.53686%	0.54546%	0.54747%	0.55877%	0.55093%	0.55930%
College's covered payroll	46,094,149	46,646,511	45,891,363	46,761,637	45,514,783	52,829,768
College's proportionate share of the net pension liability as a percentage of its covered payroll	385.71%	351.53%	309.15%	298.12%	295.65%	233.19%
Plan fiduciary net position as a percentage of the total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.15%

See notes to the required supplementary information

LANSING COMMUNITY COLLEGE

Required Supplementary Information

MPERS Cost-Sharing Multiple Employer Plan Schedule of the College's Pension Contributions

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
Statutorily required contributions	\$ 15,350,591	\$ 14,371,191	\$ 15,209,331	\$ 13,710,723	\$ 11,176,120	\$ 14,585,927
Contributions in relation to the statutorily required contributions	<u>(15,350,591)</u>	<u>(14,371,191)</u>	<u>(15,209,331)</u>	<u>(13,710,723)</u>	<u>(11,176,120)</u>	<u>(14,585,927)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
College's covered payroll	\$ 45,511,835	\$ 46,579,321	\$ 47,024,894	\$ 47,289,366	\$ 46,159,222	\$ 48,782,946
Contributions as a percentage of covered payroll	33.73%	30.85%	32.34%	28.99%	24.21%	29.90%

See notes to the required supplementary information

LANSING COMMUNITY COLLEGE

Required Supplementary Information

MPERS Cost-Sharing Multiple Employer Plan

Schedule of the College's Proportionate Share of the Net Other Postemployment Benefit Liability

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
College's proportionate share of the net OPEB liability	\$ 37,657,910	\$ 43,350,196	\$ 48,713,989
College's proportion of the net OPEB liability	0.52465%	0.54536%	0.55010%
College's covered payroll	46,094,149	46,646,511	45,891,363
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	81.70%	92.93%	106.15%
Plan fiduciary net position as a percentage of the total OPEB liability	48.46%	42.95%	36.39%

See notes to the required supplementary information

LANSING COMMUNITY COLLEGE

Required Supplementary Information

MPERS Cost-Sharing Multiple Employer Plan

Schedule of the College's Other Postemployment Benefit Contributions

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
Statutorily required contributions	\$ 3,826,617	\$ 3,835,528	\$ 3,508,061
Contributions in relation to the statutorily required contributions	<u>(3,826,617)</u>	<u>(3,835,528)</u>	<u>(3,508,061)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 45,511,835	\$ 46,579,321	\$ 47,024,894
Contributions as a percentage of covered payroll	8.41%	8.23%	7.46%

See notes to the required supplementary information

LANSING COMMUNITY COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Pension Information

GASB 68 was implemented in fiscal year 2015. The pension plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the College's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the College's Proportionate Share of the Net OPEB Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.



Statistical Section

LANSING COMMUNITY COLLEGE

STATISTICAL SECTION

This part of the College's Statistical section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the College's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the College's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax, and tuition and fees data.

Debt Capacity

These schedules present information to help the reader assess the affordability of the College's current levels of outstanding debt and the College's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules contain service and infrastructure data to help the reader understand how the information in the College's financial report relates to the services the College provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LANSING COMMUNITY COLLEGE

FINANCIAL TRENDS

Statements of Revenues, Expenses, and Changes in Net Position

Last Ten Fiscal Years

(Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
OPERATING REVENUES										
Tuition and fees (net of scholarships allowances)	\$ 30,728,261	\$ 30,611,199	\$ 31,112,089	\$ 30,405,367	\$ 27,216,821	\$ 27,560,464	\$ 28,554,591	\$ 29,363,192	\$ 28,979,245	\$ 29,649,088
Federal grants and contracts	2,267,357	2,131,800	2,413,388	3,352,561	3,555,172	4,194,022	3,508,779	4,226,015	4,610,027	4,919,228
State grants and contracts (4)	2,070,538	2,076,078	2,149,369	2,039,964	1,989,818	1,709,876	1,202,810	1,414,642	1,236,128	308,623
Local grants and contracts (4)	6,178,030	5,388,047	4,618,048	3,243,550	3,372,026	3,316,514	2,842,918	3,028,011	2,936,104	2,994,464
Sales and services of educational activities (1)	54,123	12,494	12,170	22,323	153,547	280,068	401,923	361,835	1,207,875	1,274,118
Sales and services of auxiliary activities	623,643	407,136	136,280	1,280,918	1,200,923	158,246	1,701,672	2,641,831	3,303,012	2,981,292
Job Training Programs	214,296	313,051	213,399	408,793	1,145,395	369,171	484,437	-	-	-
Miscellaneous (4)	1,005,797	4,076,182	1,973,231	3,184,897	2,888,170	2,668,037	1,451,163	1,473,168	1,643,600	1,592,534
Total operating revenues	43,142,045	45,015,987	42,627,974	43,938,373	41,521,872	40,256,398	40,148,293	42,508,694	43,915,991	43,719,347
OPERATING EXPENSES										
Instruction (4)	37,459,754	37,541,664	37,305,679	36,462,526	47,019,899	45,539,843	47,495,410	48,827,540	48,921,597	47,627,872
Information technology (2)	13,574,193	12,727,743	12,258,907	10,434,438	-	-	-	-	-	-
Public services (4)	2,560,771	2,567,157	2,754,459	2,703,721	1,911,608	2,015,322	2,162,257	2,196,929	3,164,438	2,980,456
Instructional support (4)	20,207,931	18,307,771	16,502,356	17,547,370	26,570,255	23,323,896	21,917,746	22,020,718	21,545,150	21,211,978
Student services (1)(3)(4)	17,222,229	14,499,277	17,352,582	11,782,303	13,322,729	15,240,309	17,926,228	20,559,075	26,742,055	29,539,633
Institutional administration (1)(4)	20,920,319	19,954,545	19,835,166	20,265,334	20,696,479	18,125,659	16,630,435	12,999,388	12,029,791	11,679,996
Operation and maintenance of plant (1)(3)(4)	18,963,328	17,269,139	16,044,964	15,925,694	18,600,704	18,489,746	17,033,486	16,993,682	17,927,676	18,855,091
Depreciation expense	10,380,616	10,504,034	10,090,635	8,643,040	7,834,826	7,262,393	6,978,813	8,726,093	8,170,195	9,091,813
Total operating expenses	141,289,141	133,371,330	132,144,748	123,764,426	135,956,500	129,997,168	130,144,375	132,323,425	138,500,902	140,986,839
Operating loss	(98,147,096)	(88,355,343)	(89,516,774)	(79,826,053)	(94,434,628)	(89,740,770)	(89,996,082)	(89,814,731)	(94,584,911)	(97,267,492)
NONOPERATING REVENUES (EXPENSES)										
State appropriations	29,950,889	33,884,167	33,759,671	33,317,442	33,761,131	35,344,860	32,824,815	30,724,364	28,651,900	29,762,500
Property tax levy	43,781,074	42,298,367	40,983,811	39,910,486	39,207,101	37,390,260	36,718,154	37,294,876	38,543,630	40,359,554
Pell Grant revenue	13,208,069	13,267,697	16,461,261	15,980,057	18,705,818	22,505,731	26,380,689	29,347,419	33,125,802	37,215,746
Federal nonoperating grants - CARES Act	1,775,621	-	-	-	-	-	-	-	-	-
Investment return and other gains	2,039,284	900,682	498,034	178,180	156,030	139,381	177,187	224,494	509,745	195,154
Interest on capital asset - related debt	(3,759,395)	(2,753,687)	(2,624,545)	(2,747,508)	(3,579,459)	(3,396,095)	(3,627,164)	(3,664,322)	(2,403,409)	(2,725,686)
Net nonoperating revenues	86,995,542	87,597,226	89,078,232	86,638,657	88,250,621	91,984,137	92,473,681	93,926,831	98,427,668	104,807,268
Change in net position before other revenues	(11,151,554)	(758,116)	(438,542)	6,812,604	(6,184,007)	2,243,367	2,477,599	4,112,100	3,842,757	7,539,776
OTHER REVENUES										
State capital appropriations	-	-	-	-	-	-	9,366,050	-	-	-
State capital grants	-	-	599,701	4,400,299	-	-	-	-	-	-
Capital gifts	-	-	-	202,518	142,896	-	50,000	1,300,000	-	-
Total other revenues	-	-	599,701	4,602,817	142,896	-	9,416,050	1,300,000	-	-
Total change in net position	(11,151,554)	(758,116)	161,159	11,415,421	(6,041,111)	2,243,367	11,893,649	5,412,100	3,842,757	7,539,776
NET POSITION, beginning of year	142,135	900,251	48,107,556	36,692,135	42,733,246	160,769,992	148,876,343	143,464,243	137,988,429	130,448,653
Implementation of GASB 68	-	-	-	-	-	(120,280,113)	-	-	-	-
Implementation of GASB 75	-	-	(47,368,464)	-	-	-	-	-	-	-
NET POSITION, beginning of year	142,135	900,251	739,092	36,692,135	42,733,246	40,489,879	148,876,343	143,464,243	137,988,429	130,448,653
NET POSITION, end of year	\$ (11,009,419)	\$ 142,135	\$ 900,251	\$ 48,107,556	\$ 36,692,135	\$ 42,733,246	\$ 160,769,992	\$ 148,876,343	\$ 141,831,186	\$ 137,988,429

Source: Lansing Community College Audited Financial Statements
Excluding Lansing Community College Foundation

(1) 2013 amounts restated to account for changes to the designated fund.

(2) In 2010, per the State of Michigan ACS Reporting Manual, the 2.0 Information Technology category was eliminated. Per recommendation from the State of Michigan, these expenses were reallocated to Instruction, Instructional Support, Student Services, Institutional Administration, and Operation and Maintenance of Plant.

In 2018 the State of Michigan reinstated the 2.0 Information Technology category. 2017 amounts were reclassified to conform with the 2018 presentation.

(3) Reclassified Board authorized transfer in 2010.

(4) 2016 amounts reclassified to conform with the 2017 presentation.

LANSING COMMUNITY COLLEGE
FINANCIAL TRENDS
Net Position by Components
Last Ten Fiscal Years
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net Position										
Net investment in capital assets	\$ 127,533,232	\$ 130,783,094	\$ 135,187,005	\$ 132,962,327	\$ 126,365,209	\$ 119,409,027	\$ 115,441,982	\$ 104,514,717	\$ 104,243,439	\$ 102,655,503
Restricted for:										
Restricted fund activities	143,914	246,003	199,611	7,917	-	152,940	-	-	171,618	171,618
Unrestricted	<u>(138,686,565)</u>	<u>(130,886,962)</u>	<u>(134,486,365)</u>	<u>(84,862,688)</u>	<u>(89,673,074)</u>	<u>(76,828,721)</u>	<u>45,328,010</u>	<u>44,361,626</u>	<u>37,416,129</u>	<u>35,161,308</u>
Total Net (Deficit) Position	<u>\$ (11,009,419)</u>	<u>\$ 142,135</u>	<u>\$ 900,251</u>	<u>\$ 48,107,556</u>	<u>\$ 36,692,135</u>	<u>\$ 42,733,246</u>	<u>\$ 160,769,992</u>	<u>\$ 148,876,343</u>	<u>\$ 141,831,186</u>	<u>\$ 137,988,429</u>

*Source: Lansing Community College's Audited Financial Statements
excluding Lansing Community College Foundation*

**LANSING COMMUNITY COLLEGE
REVENUE CAPACITY
Major Taxpayers
2020 Levy Year vs. 2011 Levy Year
(Unaudited)**

2020 Levy Year (1)

2011 Levy Year (2)

2020 Taxpayer	Type of Business	2020 Taxable Valuation	Rank (3)	Percentage of Total College District Taxable Valuation (\$11,826,622,757)	2011 Taxpayer	Type of Business	2011 Taxable Valuation	Rank (3)	Percentage of Total College District Taxable Valuation (\$10,863,291,527)
Enbridge Energy LP	Oil & Gas Delivery/Storage	\$160,707,115	1	1.36%	Consumers Energy	Utility	\$76,101,869	1	0.70%
Consumers Energy Company	Utility	121,944,556	2	1.03%	General Motors*	Automotive	44,055,775	2	0.41%
Jackson National Life	Insurance	36,369,505	3	0.31%	Jackson National Life	Insurance	33,671,416	3	0.31%
Enbridge Pipelines (Toledo) Inc	Crude Oil Transportation	33,934,660	4	0.29%	Dart Container**	Packaging Products	31,319,397	4	0.29%
Retail Properties of America, Inc.	Retail Property Management	29,793,427	5	0.25%	Meridian Mall LTD Partnership	Shopping Mall	29,232,200	5	0.27%
HB BM East Lansing LLC	Property Development	25,398,684	6	0.21%	Inland Western Lansing Eastwood LLC	Real Estate	28,566,900	6	0.26%
Lansing Properties LLC	Property Management	24,590,660	7	0.21%	Gestamps US Hardtech Inc.***	Metal Heat Treating	26,928,285	7	0.25%
General Motors Company	Automotive	23,572,627	8	0.20%	Eyde LTD Family Partnership	Property Management	23,656,353	8	0.22%
Meridian Mall LTD Partnership	Shopping Mall	22,538,609	9	0.19%	Meijer, Inc.	Retail	23,106,263	9	0.21%
Dart Container of Michigan LLC	Packaging Products	21,178,569	10	0.18%	MEIP Borrower	Real Estate/Finance	20,801,831	10	0.19%

Source: (1) Ingham County Assessor, Ingham.org

(2) * Not including IFT (Industrial Facilities Tax) Equivalent Value of \$70,855,400

** Not including IFT (Industrial Facilities Tax) Equivalent Value of \$1,948,500

*** Not including IFT (Industrial Facilities Tax) Equivalent Value of \$23,692,350

(3) Ranking in terms of Ad Valorem Taxable Valuation

LANSING COMMUNITY COLLEGE
REVENUE CAPACITY
Assessed Value and Taxable Value of Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Taxable Valuation (1)	Tax Rates (per \$1,000) of Valuation (1)	Taxes Levied	Collections through June 30 Each Year (2)	Percent of Taxes Levied Uncollected through June 30 Each Year
2020	\$11,826,622,757	3.8072	\$45,026,318	\$43,275,558	3.89%
2019	11,392,083,246	3.8072	43,371,939	41,908,334	3.37%
2018	10,963,548,011	3.8072	41,740,420	40,709,394	2.47%
2017	10,614,700,749	3.8072	40,412,289	38,482,235	4.78%
2016	10,451,534,470	3.8072	39,791,082	38,639,111	2.90%
2015	10,131,872,904	3.8072	38,574,067	37,264,108	3.40%
2014	9,989,851,902	3.8072	38,033,364	36,654,758	3.62%
2013	10,068,843,104	3.8072	38,334,099	37,252,732	2.82%
2012	10,477,691,694	3.8072	39,890,668	38,652,739	3.10%
2011	10,863,291,527	3.8072	41,358,724	40,038,978	3.19%

(1) Millage Report to County Board of Commissioners, L-4029 & L-4028IC

(2) Per LCC Controller Office

LANSING COMMUNITY COLLEGE
REVENUE CAPACITY
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>	<u>Percentage of the Levy Collected within Fiscal Year of Levy</u>	<u>Collections in Subsequent Years</u>	<u>Total Tax Collection to Date</u>	<u>Percentage of Levy Total Collections</u>
2020	\$ 45,026,318	\$ 43,275,558	96.11%	---	\$ 43,275,558	96.11%
2019	43,371,939	41,908,334	96.63%	\$ 545,959	42,454,293	97.88%
2018	41,740,420	40,709,394	97.53%	454,228	41,163,622	98.62%
2017	40,412,289	38,482,235	95.22%	1,314,220	39,796,455	98.48%
2016	39,791,082	38,639,111	97.10%	497,062	39,136,173	98.35%
2015	38,574,067	37,264,108	96.60%	985,488	38,249,596	99.16%
2014	38,033,364	36,654,758	96.38%	332,326	36,987,084	97.25%
2013	38,334,099	37,252,732	97.18%	358,035	37,610,767	98.11%
2012	39,890,668	38,652,739	96.90%	549,376	39,202,115	98.27%
2011	41,358,724	40,038,978	96.81%	440,359	40,479,337	97.87%

Source: Lansing Community College's Controller Office

---- Information is unavailable

LANSING COMMUNITY COLLEGE
DEBT CAPACITY
Legal Debt Margin
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxable Valuation	State Equalized Valuation (SEV)	Debt Limit (a)	General Obligation Bonds	Note Payable (1)	Total Outstanding Debt (2)(b)	Total Additional Debt Allowable for All Tax Debt (c)	Total Additional Debt Allowable for Limited Tax Debt (d)	Additional Limited Tax Debt Could Legally Incurred (e)	Per Capita (f)
2020	\$ 11,826,622,757	\$ 14,035,518,728	\$2,105,327,809	\$112,287,173	\$0	\$112,287,173	\$1,993,040,636	\$141,605,187	\$29,318,014	----
2019	11,392,083,246	13,113,220,698	1,966,983,105	72,656,166	0	72,656,166	1,894,326,939	132,382,207	59,726,041	180
2018	10,963,548,011	12,674,865,915	1,901,229,887	77,337,199	0	77,337,199	1,823,892,688	127,998,659	50,661,460	192
2017	10,614,700,749	12,042,682,731	1,806,402,410	68,665,095	0	68,665,095	1,737,737,315	121,676,827	53,011,732	172
2016	10,451,534,470	11,493,211,119	1,723,981,668	75,363,858	0	75,363,858	1,648,617,810	116,182,111	40,818,253	190
2015	10,131,872,904	10,869,735,968	1,630,460,395	80,508,790	0	80,508,790	1,549,951,605	109,947,360	29,438,570	204
2014	9,989,851,902	10,597,803,080	1,589,670,462	86,310,907	99,848	86,410,755	1,503,259,707	107,228,031	20,817,276	220
2013	10,068,843,104	10,673,406,039	1,601,010,906	91,488,710	392,061	91,880,771	1,509,130,135	107,984,060	16,103,289	235
2012	10,477,691,694	11,367,915,808	1,705,187,371	51,428,711	673,970	52,102,681	1,653,084,690	114,929,158	62,826,477	134
2011	10,863,291,527	11,731,383,600	1,759,707,540	56,458,406	945,790	57,404,196	1,702,303,344	118,563,836	61,159,640	147

(1) Note Payable to the bank began October 24, 2004, secured by equipment, with monthly payments at an interest rate at 6.5%. The note payable matured October 2014.

(2) Adjusted 2010-2013 outstanding debt figures based on comments from GFOA on FY2012 CAFR submission.

Source: College Audited Financial Statements and Robert W. Baird & Co. Inc. Municipal Disclosure Annual Filing

(a) 15% of SEV

(b) College Audited Financial Statements excluding Lansing Community College Foundation

(c) Debt Limit less Total Outstanding Debt

(d) The College may incur indebtedness that is not greater than 1.5% of the first \$25,000,000 of SEV

of the taxable property within the college district and 1% of the excess SEV over \$250,000,000 without a vote of the electors of the College

(e) Total Additional Debt Allowable for Limited Tax Debt less Total Outstanding Debt

(f) Total Outstanding Debt divided by population

---- Information is unavailable

LANSING COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION
Personal Income per Capita
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (3)</u>
2020	----	----	----	11.20%
2019	402,674	----	----	3.90%
2018	402,561	\$ 16,620,879	\$ 41,727	3.90%
2017	399,213	15,704,271	39,790	4.30%
2016	397,211	15,274,294	38,865	4.60%
2015	394,886	14,751,514	37,532	5.00%
2014	393,161	14,172,325	36,176	6.52%
2013	390,582	14,047,691	35,901	7.40%
2012	389,731	13,674,927	35,057	7.70%
2011	389,669	13,338,096	34,053	9.00%

Source: (1) U.S. Census Bureau, State and County QuickFacts - information for Ingham and Eaton Counties (<http://www.census.gov>)

(2) U.S. Department of Commerce Bureau of Economic Analysis

(3) U.S. Bureau of Labor Statistics

----- Information is unavailable.

LANSING COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION
 Top Ten Principal Employers
 2020 Employers vs. 2011 Employers
 (Unaudited)

2020 (1)					2011 (2)				
Employer	Product/Service	Rank	No. of Employees	% of Total District Population	Employer	Product/Service	Rank	No. of Employees	% of Total District Population
State of Michigan	Government	1	14,390	3.57%	State of Michigan	Government	1	14,397	3.71%
Michigan State University	Higher Education	2	10,253	2.55%	Michigan State University	Higher Education	2	11,100	2.86%
Sparrow Health System	Health Care	3	7,600	1.89%	General Motors Corporation	Automotive	3	7,267	1.87%
General Motors Corporation	Automotive	4	4,549	1.13%	Sparrow Health System	Health Care	4	7,000	1.80%
Lansing Community College	Higher Education	5	3,144	0.78%	Lansing Community College	Higher Education	5	3,144	0.81%
McLaren Health/Ingham Reg Medical Ctr	Health Care	6	3,000	0.75%	Lansing School District	Education	6	3,000	0.77%
Auto Owners Insurance	Insurance	7	2,578	0.64%	Peckham, Inc.	Manufacturing	7	2,360	0.61%
Peckham Industries	Textiles, Auto parts	8	2,510	0.62%	Ingham Regional Medical Center	Health Care	8	2,200	0.57%
Jackson National Life	Insurance	9	2,500	0.62%	Meijer's, Inc	Retail	9	2,000	0.52%
Dart Container Corporation	Packaging Products	10	2,000	0.50%	Auto Owners Insurance	Insurance	10	1,500	0.39%

Source:

(1) Ingham County December 31, 2019 CAFR source US Census Bureau. The data reported was not updated from their 2018 CAFR as current data has not been made available.

(2) LCC FY2011 CAFR source <http://www.cityofeastlansing.com/Home/Sites/EconomicDevelopment/CommunityRegionalOverview/MajorEmployers/>

LANSING COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION
Capital Asset Statistics
Last Ten Fiscal Years
(Unaudited)

Facilities Data	2020 (1)	2019	2018	2017	2016	2015	2014	2013	2012	2011
Size of campus (acres)	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	94.00	94.00
Square footage of gross building space (2)	1,894,412	1,894,412	1,895,612	1,883,612	1,883,612	1,883,612	1,873,640	1,870,683	1,870,683	1,831,132
Number of classrooms	123	123	136	136	136	136	136	136	132	130
Institutional administration (sq. ft.)	34,700	34,700	34,700	34,700	34,700	34,700	34,700	34,700	34,700	34,700

Source: 2010-2019 LCC Campus Master Plans

(1) FY20 Master Plan submitted to the state October 2019

(2) Including leased space

LANSING COMMUNITY COLLEGE
REVENUE CAPACITY
Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and Fee Revenues Generated
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>FYES (1)</u>	<u>Unduplicated Headcount</u>	<u>Duplicated Headcount</u>	<u>Headcount per Section</u>	<u>Total Credit Hours</u>	<u>In District Tuition Rate</u>	<u>Out of District Tuition Rate</u>	<u>Out of State Tuition Rate</u>	<u>Tuition & Fees per FYES</u>	<u>Total Tuition \$ Fee Revenue (2)</u>
2020 (3)	-----	-----	-----	-----	-----	\$ 108	\$ 216	\$ 324	-----	-----
2019	7,940	21,399	76,031	16.7	238,104	105	210	315	\$ 5,817	\$ 46,186,862
2018	8,639	22,928	82,815	17.0	259,090	103	206	309	5,633	48,666,455
2017	8,971	23,353	84,841	16.7	269,131	99	198	297	5,308	47,621,129
2016	9,570	25,527	94,348	17.0	296,678	88	176	264	4,894	46,831,687
2015	10,313	25,574	98,753	17.7	319,717	85	170	255	4,760	49,092,761
2014	11,374	27,734	109,332	18.4	352,592	83	166	249	4,587	52,175,883
2013	12,124	29,245	118,575	18.5	375,835	81	162	243	4,516	54,752,661
2012	13,232	31,042	128,383	18.1	410,190	79	158	237	4,180	55,311,454
2011	14,649	34,413	145,079	22.5	454,114	76	140	210	3,816	55,907,849

Source: Fiscal Year's 2020 Michigan Postsecondary Data Inventory (www.mischooldata.org/DistrictSchoolProfiles2/PostsecondaryDataInventory/PostsecondaryDataInventory.aspx)

Fiscal Year's 2017 and prior Activity Classification Structure Data (www.michigancc.net/ccdata/tuition/summary.aspx)

(1) One Fiscal Year Equated Student (FYES) equals 30 semester credit hours.

(2) Total tuition and fee revenue includes general and designated funds only.

(3) The MCCDI Report for June 30, 2020 is due November 1, 2020, therefore the data is not yet available.

---- Information is unavailable

LANSING COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION
 Full-Time Equivalent Employees
 Last Ten Fiscal Years
 (unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
ADMINISTRATOR FTE:	228	223	198	169	162	163	224	142	171	176
Full-Time	224	219	194	164	156	156	200	133	155	155
Part-Time	11	12	11	16	17	22	72	27	47	62
Calculated Part-Time FTE (1)	4	4	4	5	6	7	24	9	16	21
FACULTY FTE:	588	641	626	645	647	697	725	778	865	816
Full-Time	202	202	191	190	179	189	184	211	225	217
Part-Time	1,157	1,317	1,305	1,364	1,404	1,524	1,624	1,700	1,919	1,786
Calculated Part-Time FTE (1)	386	439	435	455	468	508	541	567	640	595
SUPPORT FTE:	284	279	286	287	270	260	204	286	275	257
Full-Time	226	223	235	229	212	204	150	198	183	158
Part-Time	174	169	154	173	175	168	163	264	275	295
Calculated Part-Time FTE (1)	58	56	51	58	58	56	65	88	92	99
Actual total employees reported	1,994	2,142	2,090	2,136	2,143	2,263	2,393	2,533	2,804	2,673
TOTAL FTE (1)	1,099	1,143	1,110	1,101	1,079	1,120	1,153	1,206	1,311	1,249

SOURCE: IPEDS Fall Staff Report (reporting all staff on payroll as of November 1st of each year)

(1) The full-time equivalent (FTE) of staff is calculated by summing the total number of full-time staff and adding one-third of the total number of part-time staff.



Special Reports Section

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION (Unaudited)
JUNE 30, 2020

	Combined Total	General Fund	Pension and OPEB Liabilities Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
Assets								
Current assets								
Cash and cash equivalents	\$ 15,073,366	\$ 15,073,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Short-term investments	40,476,077	40,476,077	-	-	-	-	-	-
Property taxes receivable, net	798,349	798,349	-	-	-	-	-	-
State appropriations receivable	4,287,954	3,196,808	-	-	-	1,091,146	-	-
Accounts receivable, net	2,321,738	2,282,900	-	-	25,483	-	11,555	1,800
Federal and state grants receivable	1,656,135	-	-	-	-	1,656,135	-	-
Prepaid expenses and other assets	2,056,847	1,748,250	-	-	13,272	-	148,747	146,578
Due from (due to) other funds	-	(23,837,658)	-	707,401	2,402,150	(1,182,899)	20,312,942	1,598,064
Due from component unit	31,017	-	-	-	-	31,017	-	-
Total current assets	66,701,483	39,738,092	-	707,401	2,440,905	1,595,399	20,473,244	1,746,442
Noncurrent assets								
Restricted cash - unspent bond proceeds	75,984	-	-	-	-	-	75,984	-
Restricted short-term investments - unspent bond proceeds	32,438,581	-	-	-	-	-	32,438,581	-
Restricted cash - long-term investments - unspent bond proceeds	18,917,682	-	-	-	-	-	18,917,682	-
Capital assets not being depreciated	18,134,237	-	-	-	-	-	18,134,237	-
Capital assets being depreciated, net	168,386,605	-	-	-	-	-	168,386,605	-
Total noncurrent assets	237,953,089	-	-	-	-	-	237,953,089	-
Total assets	304,654,572	39,738,092	-	707,401	2,440,905	1,595,399	258,426,333	1,746,442
Deferred outflows of resources								
Deferred charge on bond refunding	1,867,316	-	-	-	-	-	1,867,316	-
Deferred pension and OPEB amounts	60,577,120	-	60,577,120	-	-	-	-	-
Total deferred outflows of resources	62,444,436	-	60,577,120	-	-	-	1,867,316	-
Liabilities								
Current liabilities								
Accounts payable	3,456,207	1,407,261	-	-	116,007	1,261,245	518,414	153,280
Accrued payroll and other compensation	7,260,510	6,358,134	-	-	-	-	-	902,376
Accrued vacation	2,332,902	2,332,902	-	-	-	-	-	-
Accrued interest payable	690,786	-	-	-	-	-	-	690,786
Unearned revenue	3,428,552	3,206,510	-	-	31,802	190,240	-	-
Current portion of debt obligations	4,345,000	-	-	-	-	-	4,345,000	-
Total current liabilities	21,513,957	13,304,807	-	-	147,809	1,451,485	4,863,414	1,746,442
Noncurrent liabilities								
Long-term debt obligations, net of current portion	107,942,173	-	-	-	-	-	107,942,173	-
Net pension liability	177,789,942	-	177,789,942	-	-	-	-	-
Net other postemployment benefits liability	37,657,910	-	37,657,910	-	-	-	-	-
Total noncurrent liabilities	323,390,025	-	215,447,852	-	-	-	107,942,173	-
Total liabilities	344,903,982	13,304,807	215,447,852	-	147,809	1,451,485	112,805,587	1,746,442
Deferred inflows of resources								
Deferred pension and OPEB amounts	33,204,445	-	33,204,445	-	-	-	-	-
Net (deficit) position								
Net investment in capital assets	127,533,232	-	-	-	-	-	127,533,232	-
Restricted:								
Restricted fund activities	143,914	-	-	-	-	143,914	-	-
Unrestricted (deficit)	(138,686,565)	26,433,285	(188,075,177)	707,401	2,293,096	-	19,954,830	-
Total net (deficit) position	\$ (11,009,419)	\$ 26,433,285	\$ (188,075,177)	\$ 707,401	\$ 2,293,096	\$ 143,914	\$ 147,488,062	\$ -

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION (Unaudited)
JUNE 30, 2019

	Combined Total	General Fund	Pension and OPEB Liabilities Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
Assets								
Current assets								
Cash and cash equivalents	\$ 18,019,750	\$ 18,019,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Short-term investments	22,279,173	22,279,173	-	-	-	-	-	-
Property taxes receivable, net	694,894	694,894	-	-	-	-	-	-
State appropriations receivable	7,178,492	6,046,796	-	-	-	1,131,696	-	-
Accounts receivable, net	2,871,501	2,690,232	-	-	125,330	-	53,632	2,307
Federal and state grants receivable	1,531,703	-	-	-	-	1,531,703	-	-
Prepaid expenses and other assets	2,217,174	1,562,403	-	9,706	41,560	-	463,975	139,530
Due from (due to) other funds	-	(24,959,064)	-	609,913	2,395,143	(695,923)	21,547,397	1,102,534
Due from component unit	18,809	-	-	-	-	18,809	-	-
Total current assets	54,811,496	26,334,184	-	619,619	2,562,033	1,986,285	22,065,004	1,244,371
Noncurrent assets								
Restricted cash - unspent bond proceeds	75,853	-	-	-	-	-	75,853	-
Restricted short-term investments- unspent bond proceeds	9,125,230	-	-	-	-	-	9,125,230	-
Long-term investments	10,117,126	10,117,126	-	-	-	-	-	-
Capital assets not being depreciated	15,155,151	-	-	-	-	-	15,155,151	-
Capital assets being depreciated, net	176,999,057	-	-	-	-	-	176,999,057	-
Total noncurrent assets	211,472,417	10,117,126	-	-	-	-	201,355,291	-
Total assets	266,283,913	36,451,310	-	619,619	2,562,033	1,986,285	223,420,295	1,244,371
Deferred outflows of resources								
Deferred charge on bond refunding	2,083,969	-	-	-	-	-	2,083,969	-
Deferred pension and OPEB amounts	59,515,517	-	59,515,517	-	-	-	-	-
Total deferred outflows of resources	61,599,486	-	59,515,517	-	-	-	2,083,969	-
Liabilities								
Current liabilities								
Accounts payable	4,015,960	1,938,578	-	2,550	25,972	1,328,593	409,444	310,823
Accrued payroll and other compensation	6,543,985	5,610,437	-	-	-	-	-	933,548
Accrued vacation	1,762,517	1,762,517	-	-	-	-	-	-
Accrued interest payable	440,031	-	-	-	-	-	440,031	-
Unearned revenue	3,425,760	2,965,495	-	-	48,576	411,689	-	-
Current portion of debt obligations	4,255,000	-	-	-	-	-	4,255,000	-
Total current liabilities	20,443,253	12,277,027	-	2,550	74,548	1,740,282	5,104,475	1,244,371
Noncurrent liabilities								
Long-term debt obligations, net of current portion	68,401,166	-	-	-	-	-	68,401,166	-
Net pension liability	163,974,876	-	163,974,876	-	-	-	-	-
Net other postemployment benefits liability	43,350,196	-	43,350,196	-	-	-	-	-
Total noncurrent liabilities	275,726,238	-	207,325,072	-	-	-	68,401,166	-
Total liabilities	296,169,491	12,277,027	207,325,072	2,550	74,548	1,740,282	73,505,641	1,244,371
Deferred inflows of resources								
Deferred pension and OPEB amounts	31,571,773	-	31,571,773	-	-	-	-	-
Net (deficit) position								
Net investment in capital assets	130,783,094	-	-	-	-	-	130,783,094	-
Restricted:								
Restricted fund activities	246,003	-	-	-	-	246,003	-	-
Unrestricted (deficit)	(130,886,962)	24,174,283	(179,381,328)	617,069	2,487,485	-	21,215,529	-
Total net (deficit) position	\$ 142,135	\$ 24,174,283	\$ (179,381,328)	\$ 617,069	\$ 2,487,485	\$ 246,003	\$ 151,998,623	\$ -

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (Unaudited)
YEAR ENDED JUNE 30, 2020

	Combined Total	Eliminations	General Fund	Pension and OPEB Liabilities Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues								
Tuition and fees (net of scholarship allowances of \$16,674,804)	\$ 30,728,261	\$ (16,674,804)	\$ 45,187,928	\$ -	\$ (3,950)	\$ 1,219,143	\$ -	\$ 999,944
Federal grants and contracts	2,267,357	-	-	-	-	-	2,267,357	-
State grants and contracts	2,070,538	-	-	-	-	-	2,070,538	-
Local grants and contracts	6,178,030	-	2,541,205	-	-	-	3,636,825	-
Sales and services of educational activities	54,123	-	52,506	-	-	-	-	1,617
Sales and services of auxiliary activities	623,643	-	-	-	-	623,643	-	-
Job Training Programs	214,296	-	-	-	-	-	214,296	-
Miscellaneous	1,005,797	-	870,362	-	-	45,349	-	90,086
Total operating revenues	43,142,045	(16,674,804)	48,652,001	-	(3,950)	1,888,135	8,189,016	1,091,647
Operating expenses								
Instruction	37,459,754	-	35,715,612	746,329	-	5,446	992,367	-
Information Technology	13,574,193	-	11,524,861	105,602	91,587	(78,576)	9,613	1,921,106
Public services	2,560,771	-	1,050,120	19,200	-	27,827	1,463,624	-
Instructional support	20,207,931	-	19,347,291	322,710	65,915	6,271	465,744	-
Student services	17,222,229	(16,674,804)	13,838,919	161,247	-	7,414	19,889,453	-
Institutional administration	20,920,319	-	13,813,512	116,931	-	725,571	6,264,305	-
Operation and maintenance of plant	18,963,328	-	12,308,599	88,834	-	546,451	32,287	5,987,157
Depreciation	10,380,616	-	-	-	-	-	-	10,380,616
Total operating expenses	141,289,141	(16,674,804)	107,598,914	1,560,853	157,502	1,240,404	29,117,393	18,288,879
Operating (loss) income	(98,147,096)	-	(58,946,913)	(1,560,853)	(161,452)	647,731	(20,928,377)	(17,197,232)
Nonoperating revenues (expenses)								
State appropriations	29,950,889	-	31,082,585	(7,132,996)	-	-	6,001,300	-
Property tax levy	43,781,074	-	43,781,074	-	-	-	-	-
Pell Grant revenue	13,208,069	-	-	-	-	-	13,208,069	-
Federal nonoperating grants - CARES Act	1,775,621	-	-	-	-	-	1,775,621	-
Investment return and other gains	2,039,284	-	740,112	-	-	-	-	1,299,172
Interest on capital asset - related debt	(3,759,395)	-	-	-	-	-	-	(3,759,395)
Net nonoperating revenues (expenses)	86,995,542	-	75,603,771	(7,132,996)	-	-	20,984,990	(2,460,223)
Increase (decrease) in net position	(11,151,554)	-	16,656,858	(8,693,849)	(161,452)	647,731	56,613	(19,657,455)
Transfers in (out)	-	-	(14,397,856)	-	251,784	(842,120)	(158,702)	15,146,894
Change in net position	(11,151,554)	-	2,259,002	(8,693,849)	90,332	(194,389)	(102,089)	(4,510,561)
Net position (deficit), beginning of year	142,135	-	24,174,283	(179,381,328)	617,069	2,487,485	246,003	151,998,623
Net (deficit) position, end of year	\$ (11,009,419)	\$ -	\$ 26,433,285	\$ (188,075,177)	\$ 707,401	\$ 2,293,096	\$ 143,914	\$ 147,488,062

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (Unaudited)
YEAR ENDED JUNE 30, 2019

	Combined Total	Eliminations	General Fund	Pension and OPEB Liabilities Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues								
Tuition and fees (net of scholarship allowances of \$16,814,878)	\$ 30,611,199	\$ (16,814,878)	\$ 46,190,898	\$ -	\$ (4,036)	\$ 1,239,215	\$ -	\$ -
Federal grants and contracts	2,131,800	-	-	-	-	-	2,131,800	-
State grants and contracts	2,076,078	-	-	-	-	-	2,076,078	-
Local grants and contracts	5,388,047	-	2,286,262	-	-	-	3,101,785	-
Sales and services of educational activities	12,494	-	9,050	-	-	-	-	3,444
Sales and services of auxiliary activities	407,136	-	-	-	-	407,136	-	-
Job Training Programs	313,051	-	-	-	-	-	313,051	-
Miscellaneous	4,076,182	-	3,569,941	-	-	352,423	-	153,818
Total operating revenues	45,015,987	(16,814,878)	52,056,151	-	(4,036)	1,998,774	7,622,714	157,262
Operating expenses								
Instruction	37,541,664	-	37,520,272	(1,082,682)	-	12,445	1,091,629	-
Information Technology	12,727,743	-	10,841,402	(202,233)	339,605	(251,507)	11,414	1,989,062
Public services	2,567,157	-	1,038,012	(48,117)	-	72,173	1,505,089	-
Instructional support	18,307,771	-	18,149,769	(521,526)	121,508	2,882	555,138	-
Student services	14,499,277	(16,814,878)	13,705,814	(336,420)	-	15,106	17,929,655	-
Institutional administration	19,954,545	-	13,285,388	(230,719)	-	521,413	6,378,463	-
Operation and maintenance of plant	17,269,139	-	12,660,812	(154,812)	-	472,399	20,092	4,270,648
Depreciation	10,504,034	-	-	-	-	-	-	10,504,034
Total operating expenses	133,371,330	(16,814,878)	107,201,469	(2,576,509)	461,113	844,911	27,491,480	16,763,744
Operating (loss) income	(88,355,343)	-	(55,145,318)	2,576,509	(465,149)	1,153,863	(19,868,766)	(16,606,482)
Nonoperating revenues (expenses)								
State appropriations	33,884,167	-	33,884,167	(6,224,328)	-	-	6,224,328	-
Property tax levy	42,298,367	-	42,298,367	-	-	-	-	-
Pell Grant revenue	13,267,697	-	-	-	-	-	13,267,697	-
Investment return and other gains	900,682	-	696,439	-	-	-	-	204,243
Interest on capital asset - related debt	(2,753,686)	-	-	-	-	-	-	(2,753,686)
Net nonoperating revenues (expenses)	87,597,227	-	76,878,973	(6,224,328)	-	-	19,492,025	(2,549,443)
Increase (decrease) in net position	(758,116)	-	21,733,655	(3,647,819)	(465,149)	1,153,863	(376,741)	(19,155,925)
Transfers in (out)	-	-	(20,393,684)	-	243,120	(725,203)	423,133	20,452,633
Change in net position	(758,116)	-	1,339,971	(3,647,819)	(222,029)	428,660	46,392	1,296,708
Net position (deficit), beginning of year	900,251	-	22,834,312	(175,733,509)	839,098	2,058,825	199,611	150,701,915
Net (deficit) position, end of year	\$ 142,135	\$ -	\$ 24,174,283	\$ (179,381,328)	\$ 617,069	\$ 2,487,485	\$ 246,003	\$ 151,998,623