

Annual Comprehensive Financial Report

Fiscal Years Ended
June 30, 2023 and June 30, 2022

LANSING COMMUNITY COLLEGE LANSING, MICHIGAN



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LANSING COMMUNITY COLLEGE
Lansing, Michigan

ANNUAL COMPREHENSIVE FINANCIAL REPORT
Fiscal Years Ended June 30, 2023 and June 30, 2022

Prepared by:
Financial Services Division

Donald L. Wilske
Chief Financial Officer

Megan L. Garrett
Controller

Francis M. Burch
Assistant Controller

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**LANSING COMMUNITY COLLEGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

TABLE OF CONTENTS	PAGE
INTRODUCTORY SECTION (UNAUDITED)	
Letter of Transmittal	1
Lansing Community College Principal Officials.....	6
Organization Chart	7
Certificate of Achievement for Excellence in Financial Reporting	8
FINANCIAL SECTION	
Independent Auditors' Report	11
Management's Discussion and Analysis	15
Basic Financial Statements	
Statements of Net Position	30
Statements of Revenues, Expenses and Changes in Net Position	31
Statements of Cash Flows	32
Notes to Financial Statements	34
Required Supplementary Information	
MPERS Cost-Sharing Multiple Employer Plan:	
Schedule of the College's Proportionate Share of the Net Pension Liability	73
Schedule of the College's Pension Contributions.....	74
Schedule of the College's Proportionate Share of the Net Other Postemployment Benefits Liability	75
Schedule of the College's Other Postemployment Benefits Contributions	76
Notes to Required Supplementary Information.....	77
STATISTICAL SECTION (UNAUDITED)	
Statistical Section Contents	80
Statements of Revenues, Expenses and Changes in Net Position.....	81
Net Position by Components.....	82
Major Taxpayers	83
Assessed Value and Taxable Value of Property.....	84
Property Tax Levies and Collections	85
Legal Debt Margin	86
Personal Income per Capita	87
Top Ten Principal Employers	88
Capital Asset Statistics.....	89
Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and Fee Revenues Generated.....	90
Full-Time Equivalent Employees	91

**LANSING COMMUNITY COLLEGE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022**

TABLE OF CONTENTS	PAGE
SPECIAL REPORTS SECTION (UNAUDITED)	
Combining Statements of Net Position	95
Combining Statements of Revenues, Expenses, Transfers and Changes in Net Position.....	97



Introductory Section

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October 9, 2023

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

The Annual Comprehensive Financial Report of Lansing Community College (the "College") for the fiscal years ended June 30, 2023 and June 30, 2022, 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, 2023 and 2022. 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.

The College strives for fiscally responsible planning for our immediate and future needs. As the financial operations indicate in the recent Annual Comprehensive Financial Report, 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.

The Strategic Plan 2021-2024 includes six key focus areas: Engaged Learning and Student Success; Leadership, Culture and Communication; Diversity, Equity and Inclusion; Community Engagement; Competitiveness and Innovation; and Resource Management and Fiscal Responsibility. The strategic plan will continue to be integrated into the College's planning and budgeting processes to support student success and institutional growth.

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. The College has remained flexible to provide services efficiently while maintaining its commitment to students. We are encouraged by the continued dedication of our employees and the Board of Trustees to make the College an excellent place for higher education. Lansing Community College - *"Where Success Begins"*.

PROFILE OF THE COLLEGE

The College is a major urban community college, situated on 48 acres, in a nine-city block area in downtown Lansing, Michigan. Founded in 1957, the College is now the seventh largest community college in the state of Michigan. The College currently enrolls more than 14,000 college-credit students each year, and has over 600 full-time and over 1,000 part-time employees. The College offers classes year-round in a three-semester curriculum. The College offers 224 degree and certificate programs and over 900 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 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, 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.

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 2022</u>	<u>FALL 2021</u>	<u>FALL 2020</u>	<u>FALL 2019</u>	<u>FALL 2018</u>
College (unduplicated head count)	9,573	10,303	10,306	11,673	11,771
Full-time Equivalents	5,118	5,600	5,783	6,674	6,804
Total Credit Hours	84,161	92,142	93,116	106,100	107,257

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 0% to 3% range.

	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>
In-District Tuition Rate (per billing hour)	\$114	\$114	\$111	\$108	\$105
In-District Tuition Increase (per billing hour)	\$0	\$3	\$3	\$3	\$2

With tuition and fees accounting for 29.7% of the general operating 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 2024 \$117 in-district per billing hour rate well below the state average rate of community college in-district tuition of \$133. 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 will remain at 3.7692 mils in 2023 and will impact the College's property tax revenue for FY 2024. The state average for all community colleges was 2.3561 mils in fiscal year 2022.

Capital Project Planning

The pandemic has altered how the College delivers instruction and services to students, and how College employees work. Due to this impact, the College is currently reviewing and updating its Campus Master Plan. This process will determine the future direction of how existing facilities are utilized or are no longer required to fulfill the College's mission. This revised Campus Master Plan will identify potential future capital projects.

COVID-19 PANDEMIC

As with all of higher education and the United States as a whole, the College has been significantly impacted by the COVID-19 pandemic. The College's Emergency Operations Committee (EOC), led by the Director of Emergency Management, was activated in early March 2020 to respond to the pandemic. The EOC continues to monitor the pandemic and its ongoing impact on College's operations. As of the 2021 Fall semester there has been a gradual return to on-campus operations. Since then the number of course sections offered on campus has continued to increase.

The College has been allocated a total of \$37.8 million by the U.S. Department of Education under the Higher Education Emergency Relief Fund. The College has greatly exceeded the amount of emergency financial awards to students that were required by the federal legislation. In addition, the Institutional portion has been used primarily for projects having a long-term impact. As of the end of FY 2023, all federal funds allocated to the College have been expended.

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. The drag from the manufacturing sector on Michigan's economy largely bottomed out in 2010 and the recovery in vehicle sales nationally 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 before 2015. Employment gains since 2009 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.

The impact of COVID-19 on the Michigan economy was, and continues to be, substantial. Between February 2020 and April 2020, Michigan payroll employment declined by 23.7%, or approximately 1.1 million jobs. As of March 2023, payroll employment in Michigan was up 1,022,300 jobs from the April 2020 trough, but was still 0.7% below the level in February 2020 and roughly on par with the level in April 2018.

Forecast Summary

The US economy is expected to grow but at slowing rates, in 2023 and 2024, before experiencing stronger growth in 2025. Throughout the forecast, Michigan is expected to grow more slowly than the nation as a whole.

The US unemployment rate will remain low by historical standards and similar to the 3.6% rate in 2022, varying from 3.5% to 3.8% over the forecast. Inflation rates will decline over the forecast at a modest but steady pace, with growth in the CPI falling from 8.0% in 2022 to 4.4% in 2023, 3.1% in 2024, and 2.6% in 2025. In Michigan, job growth is expected to slow even as the growth in inflation-adjusted personal income improves relative to 2022. Inflation-adjusted personal income is projected to decline another 0.3% in 2023, as additional stock market declines combine with weaker employment growth.

Prospects for the Future

State of Michigan FY 2022-23 Revised Revenue Estimate

- General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue is expected to total \$31.7 billion in FY 2022-23. The revised estimate of FY 2022-23 is down 4.2%, or \$1.4 billion, from the revenue for FY 2021-22. The projected revenue decrease in FY 2022-23 reflects reductions in nearly all major taxes, partially offset by increases in the State Education Tax, gaming taxes, insurance company premiums, and reduced IIT funds. The revised estimate for FY 2022-23 is \$714.2 million below the January 2023 consensus revenue estimate.

State of Michigan FY 2023-24 Revised Revenue Estimate

- GF/GP and SAF revenue is expected to total over \$31.4 billion in FY 2023-24. The revised estimate for FY 2023-24 is down 0.9%, or \$278 million, from the revised estimate for FY 2022-23. The revised estimate for FY 2023-24 is \$1.5 million below the January 2023 consensus revenue estimate.

State of Michigan FY 2024-25 Revised Revenue Estimate

- GF/GP and SAF revenue is expected to total \$32.8 billion in FY 2024-25. The revised estimate for FY 2024-25 is 4.4%, or \$1.4 billion, more than the revised estimate for FY 2023-24. The revised estimate for FY 2024-25 is \$985 million below the January 2023 consensus revenue estimate. The revenue increase in FY 2024-25 reflects growth in nearly all major taxes including individual income tax and a reduction of refunds.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2022-23, FY 2023-24, and FY 2024-25
May 16, 2023 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 the College for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. 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 fourteen consecutive years. We believe that our current ACFR 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 Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year ended June 30, 2022. The GFOA established the Popular Annual Financial Reporting Awards Program to encourage and assist state and local governments to extract information from their annual comprehensive 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 twelve consecutive years.

The College's Purchasing Department is the recipient of the 2023 Annual Achievement of Excellence in Procurement Award from the National Procurement Institute. The College has received the award for twenty-one consecutive years. The award criteria are designed to measure public procurement best practices in innovation, professionalism, e-procurement, productivity and leadership.

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 Annual Comprehensive Financial Report 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 provides high-quality education ensuring that all students successfully complete their educational goals while developing life skills necessary for them to enrich and support themselves, their families, and their community as engaged global citizens.

LANSING COMMUNITY COLLEGE

PRINCIPAL OFFICIALS

BOARD OF TRUSTEES

<u>Trustee</u>	<u>Position</u>	<u>Term Expires</u>
Angela L. Mathews	Chair	2028
Lawrence Hidalgo, Jr.	Vice Chair	2024
LaShunda Thomas	Secretary	2026
Robert E. Proctor	Treasurer	2028
Andrew P. Abood	Trustee	2026
Ryan Buck	Trustee	2028
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	Senior Vice President of Business Operations
Donald L. Wilske	Chief Financial Officer

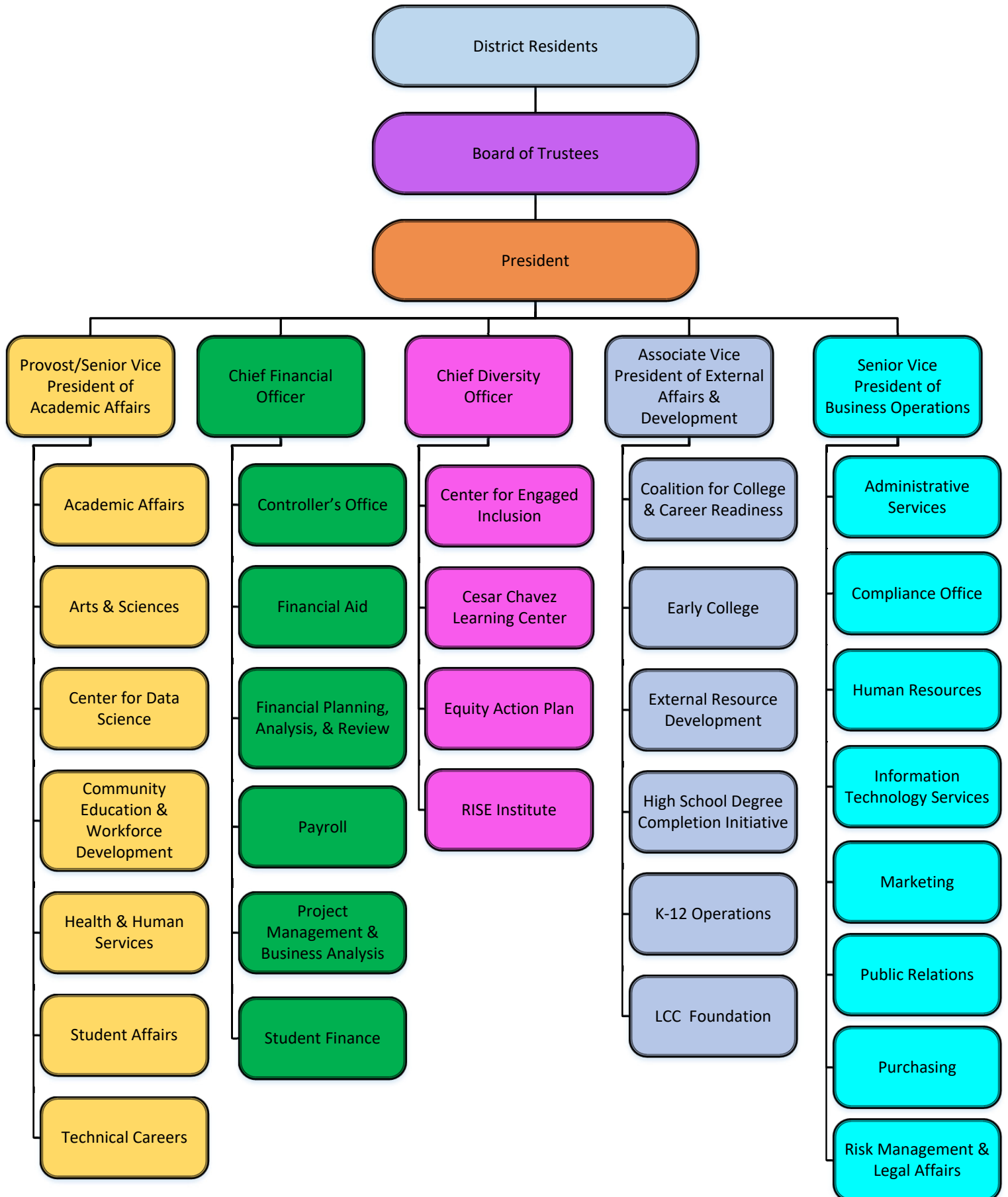
OFFICIALS ISSUING REPORT

<u>Officer</u>	<u>Position</u>
Donald L. Wilske	Chief Financial Officer
Megan L. Garrett	Controller
Francis M. Burch	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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



Financial Section

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INDEPENDENT AUDITORS' REPORT

October 9, 2023

Board of Trustees
Lansing Community College
Lansing, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. The financial statements of Lansing Community College Foundation were not audited in accordance with *Government Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Implementation of GASB Statement No. 96

As described in Notes 1, 4, and 10, in fiscal 2023 the College implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective July 1, 2021. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory, statistical and special reports sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 9, 2023, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's 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 the College's internal control over financial reporting and compliance.

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

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2023 and 2022. Management has prepared the fiscal year 2023 and 2022 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.

This Annual Comprehensive Financial Report ("ACFR") 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.

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 discretely presented 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".

Financial Highlights

The College's financial position increased during the fiscal year ended June 30, 2023, with a \$14.6 million increase in total net position. The College's total assets decreased \$2.9 million which is attributed to a decrease in cash and cash equivalents and an increase in short-term investments due to reorganizing the investment portfolio as a result of changing market rates; an increase in capital assets from equipment purchases and completion of the parking ramp and other building projects which is offset by a decrease in restricted short-term investments from unspent bond proceeds. Deferred outflows of resources and deferred inflows of resources increased \$30.7 million and decreased \$35.4 million, respectively, due to the necessary adjustments to the deferred pension and OPEB amounts for the College's portion of the Michigan Public School Employees Retirement System; and by a slight decrease in the amortization of the deferred charge on refunding.

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The College's total liabilities increased \$48.6 million due to the increase in the net pension and OPEB liabilities of \$57.3 million and a \$5.8 million decrease in debt, lease and subscription obligations offset by a decrease of \$2.9 million in other liabilities. The major categories of net position changed, as shown in the graph below. Total net position increased by \$14.6 million, net position invested in capital assets increased by \$5.3 million as a result of an increase of capital assets offset by expending bond proceeds on capital assets and by payments of long-term debt. There was an increase in unrestricted net position of \$9.2 million, from (\$104.3) million to (\$95.1) million due to a slight increase in College operations offset by a decrease in the 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 provisions 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.

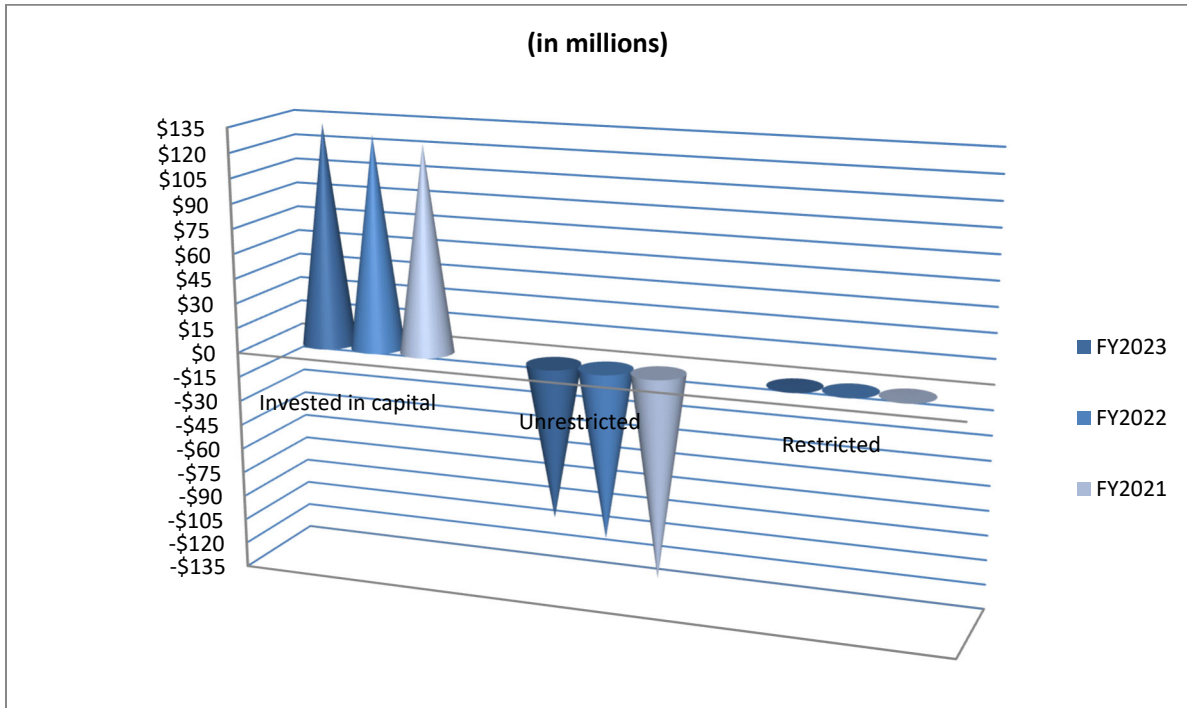
The College's financial position increased during the fiscal year ended June 30, 2022, with a \$24.8 million increase in total net position. The College's total assets increased \$5.4 million which is attributed to an increase in short-term investments due to reorganizing the investment portfolio as a result of changing market rates; an increase in capital assets from equipment purchases and construction in progress on the parking ramp bond project which is offset by a decrease in restricted short-term investments from unspent bond proceeds. Deferred outflows of resources and deferred inflows of resources decreased \$15.9 million and increased \$48.2 million, respectively, due to the necessary adjustments to the deferred pension and OPEB amounts for the College's portion of the Michigan Public School Employees Retirement System; and by an increase in the amortization of the deferred charge on refunding.

As of June 30, 2022, the College's total liabilities decreased \$83.5 million due to the decrease in the net pension and OPEB liabilities of \$78.9 million and a \$5.8 million decrease in debt obligations offset by an increase of \$1.2 million in other liabilities. The major categories of net position changed, as shown in the graph below. Total net position increased by \$24.8 million, net position invested in capital assets increased by \$3.6 million as a result of an increase of capital assets offset by expending bond proceeds on the capital assets and by payments of long-term debt. This was offset by an increase in unrestricted net position of \$21.2 million, from (\$125.5) million to (\$104.3) million due to results of decreased operating expenses; increased non-operating revenues due to a supplemental State of Michigan appropriation and reduced interest on related debt due to a bond refunding issued in 2022; and, the 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 provisions 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.

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Position (in millions) as of June 30:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease) 2023-2022</u>	<u>2021</u>	<u>Increase (Decrease) 2022-2021</u>
Current and other assets	\$ 92.5	\$ 110.1	\$ (17.6)	\$ 123.1	\$ (13.0)
Capital assets, net of depreciation and amortization	230.0	215.3	14.7	196.9	18.4
Total assets	322.5	325.4	(2.9)	320.0	5.4
Deferred outflows of resources	64.6	33.9	30.7	49.8	(15.9)
Other liabilities	18.4	21.3	(2.9)	20.1	1.2
Debt, lease and subscription obligations	97.5	103.3	(5.8)	109.1	(5.8)
Net pension and OPEB liabilities	181.7	124.4	57.3	203.3	(78.9)
Total liabilities	297.6	249.0	48.6	332.5	(83.5)
Deferred inflows of resources	50.1	85.5	(35.4)	37.3	48.2
Net position (deficit)					
Net investment in capital assets	134.2	128.9	5.3	125.3	3.6
Restricted	0.3	0.2	0.1	0.2	-
Unrestricted	(95.1)	(104.3)	9.2	(125.5)	21.2
Total net position	<u>\$ 39.4</u>	<u>\$ 24.8</u>	<u>\$ 14.6</u>	<u>\$ -</u>	<u>\$ 24.8</u>

Fiscal Year 2023 Compared to 2022

The College decreased its current and other assets by \$17.6 million primarily due to spending the restricted short-term investments from the parking ramp bond proceeds. Capital assets, net of depreciation increased \$14.7 million due to the purchase of equipment and the completion of the parking ramp project and other building improvement projects. Other liabilities decreased \$2.9 million as a result of multi-year projects being completed during the year. Debt, lease, and subscription obligations decreased by \$5.8 million due to principal payments made on outstanding bond issues. The College's overall net position increased by \$14.6 million. This is due to a number of factors as discussed above in the *Financial Highlights* section.

Fiscal Year 2022 Compared to 2021

The College decreased its current and other assets by \$13.0 million primarily due to spending the restricted short-term investments from the parking ramp bond proceeds. Capital assets, net of depreciation increased \$18.4 million due to the purchase of equipment, the construction in progress related to approved capital projects, and the implementation of GASB Statement No. 96 *Subscription-Based Information Technology Assets*. Other liabilities increased \$1.2 million as result of invoices due related to construction of the Gannon parking ramp. Debt obligations decreased by \$5.8 million due to principal payments made on outstanding bond issues along with the 2022 refunding bond on the 2012 debt obligation. The College's overall net position increased by \$24.8 million. This is due to a number of factors as discussed above in the *Financial Highlights* section.

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	2023	2022	Increase (Decrease) 2023-2022	2021	Increase (Decrease) 2022-2021
Operating revenues:					
Tuition and fees (net of scholarship allowances)	\$ 28.3	\$ 32.0	\$ (3.7)	\$ 30.2	\$ 1.8
Federal grants and contracts	2.3	2.4	(0.1)	1.9	0.5
State grants and contracts	1.1	0.9	0.2	1.9	(1.0)
Local grants and contracts	5.2	5.1	0.1	5.7	(0.6)
Sales and services of educational activities	-	-	-	-	-
Sales and services of auxiliary activities	0.6	0.1	0.5	-	0.1
Job training programs	0.3	0.4	(0.1)	0.1	0.3
Miscellaneous	1.1	1.0	0.1	0.8	0.2
Total operating revenues	<u>38.9</u>	<u>41.9</u>	<u>(3.0)</u>	<u>40.6</u>	<u>1.3</u>
Operating expenses:					
Instruction	27.8	27.5	0.3	33.2	(5.7)
Information technology	11.5	10.5	1.0	11.4	(0.9)
Public services	1.7	1.7	-	2.6	(0.9)
Instructional support	15.8	14.7	1.1	17.1	(2.4)
Student services	15.9	26.7	(10.8)	22.0	4.7
Institutional administration	25.8	19.9	5.9	20.7	(0.8)
Operation and maintenance of plant	15.0	10.7	4.3	14.7	(4.0)
Depreciation and amortization	12.3	11.9	0.4	10.4	1.5
Total operating expenses	<u>125.8</u>	<u>123.6</u>	<u>2.2</u>	<u>132.1</u>	<u>(8.5)</u>
Operating loss	<u>(86.9)</u>	<u>(81.7)</u>	<u>(5.2)</u>	<u>(91.5)</u>	<u>9.8</u>
Nonoperating revenues (expenses):					
State appropriations	36.4	36.4	-	34.8	1.6
Property tax levy	48.6	46.3	2.3	44.9	1.4
Pell Grant revenue	10.8	10.9	(0.1)	10.7	0.2
Federal nonoperating grants - CARES/HEERF	6.9	16.0	(9.1)	16.7	(0.7)
Other nonoperating expenses - net	(1.2)	(3.2)	2.0	(4.8)	1.6
Net nonoperating revenues	<u>101.5</u>	<u>106.4</u>	<u>(4.9)</u>	<u>102.3</u>	<u>4.1</u>
Change in net position before other revenues	<u>14.6</u>	<u>24.7</u>	<u>(10.1)</u>	<u>10.8</u>	<u>13.9</u>
Other revenues:					
Capital gifts	-	0.1	(0.1)	0.2	(0.1)
Total other revenues	<u>-</u>	<u>0.1</u>	<u>(0.1)</u>	<u>0.2</u>	<u>(0.1)</u>
Change in net position	<u>14.6</u>	<u>24.8</u>	<u>(10.2)</u>	<u>11.0</u>	<u>13.8</u>
Net position - beginning of year	<u>24.8</u>	<u>-</u>	<u>24.8</u>	<u>(11.0)</u>	<u>11.0</u>
Net position- end of year	<u>\$ 39.4</u>	<u>\$ 24.8</u>	<u>\$ 14.6</u>	<u>\$ -</u>	<u>\$ 24.8</u>

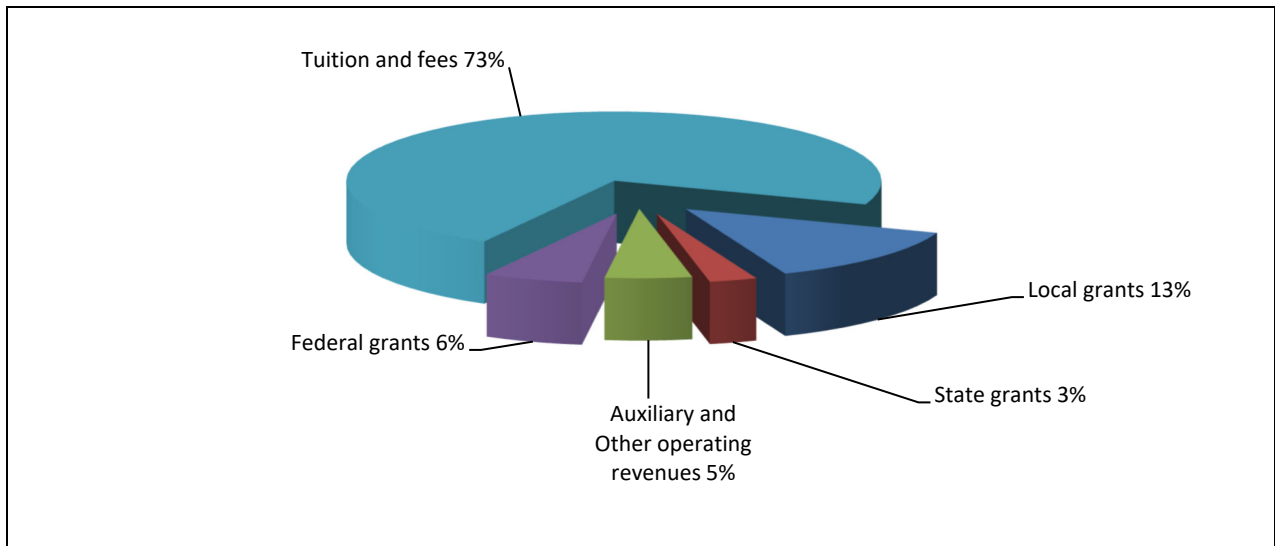
LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

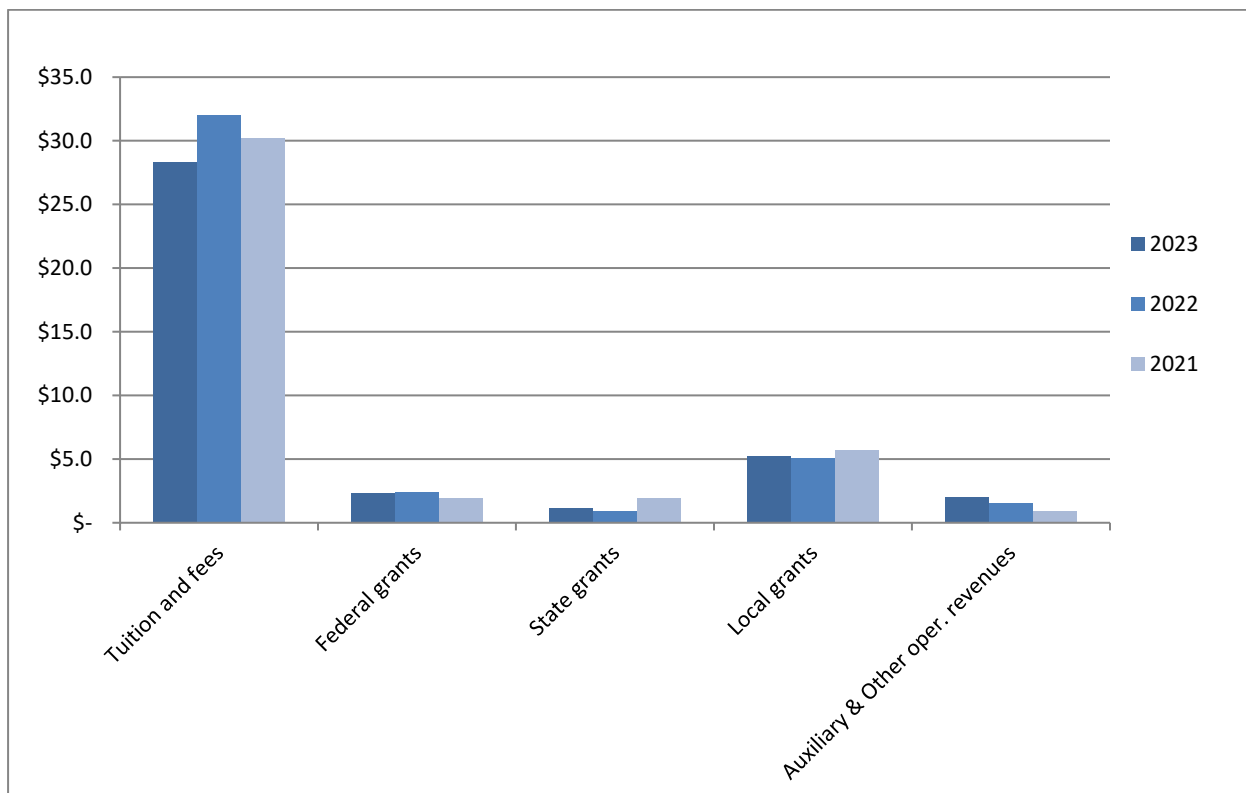
Operating Revenues

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

2023 Operating Revenues by Source



2023, 2022, 2021 Operating Revenues by Source (in millions)



LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year 2023 Compared to 2022

Operating revenue decreased \$3.0 million as the result of the following factors:

- Tuition and fee revenue decreased by \$3.7 million. The decrease is due to the decrease in enrollment.
- Federal grants decreased by \$0.1 million due primarily to less Federal Supplemental Opportunity Grants in fiscal year 2023.
- State and Local grants increased \$0.2 and \$0.1 million, respectively. State grants increased due to an additional wraparound service grant offered to Reconnect and Futures for Frontliner students. Local grants increased due primarily to increases in Foundation, Promise and other external scholarships as well as private personal loans for students.
- Sales of auxiliary activities increased \$0.5 million due to an increase in the College's conference services. The jobs training programs had a slight decrease from the prior year due to the number of trainings in fiscal year 2023.

Fiscal Year 2022 Compared to 2021

Operating revenue increased \$1.3 million as the result of the following factors:

- Tuition and fee revenue increased by \$1.8 million. The increase is due to the increase in per billing hour in fiscal year 2022 which offset a decrease in enrollment.
- Federal grants increased by \$0.5 million due to higher Federal Supplemental Opportunity Grants in fiscal year 2022.
- State and Local grants decreased \$1.0 and \$0.6 million, respectively. State grants decreased primarily due to a decrease in activity in the Early College and High School Diploma Completion Initiative programs. Local grants decreased due primarily to decreases in promise and external scholarships as well as private personal loans for students.
- Sales of auxiliary activities and Job training programs increased \$0.1 and \$0.3 million, respectively, due to resuming conference services on campus after the pandemic and the ability to provide training programs for companies under the Michigan New Jobs Training Program. Other operating revenue increased by \$0.2 million due to the return to campus of previous programs that were in suspense during the fully remote pandemic months.

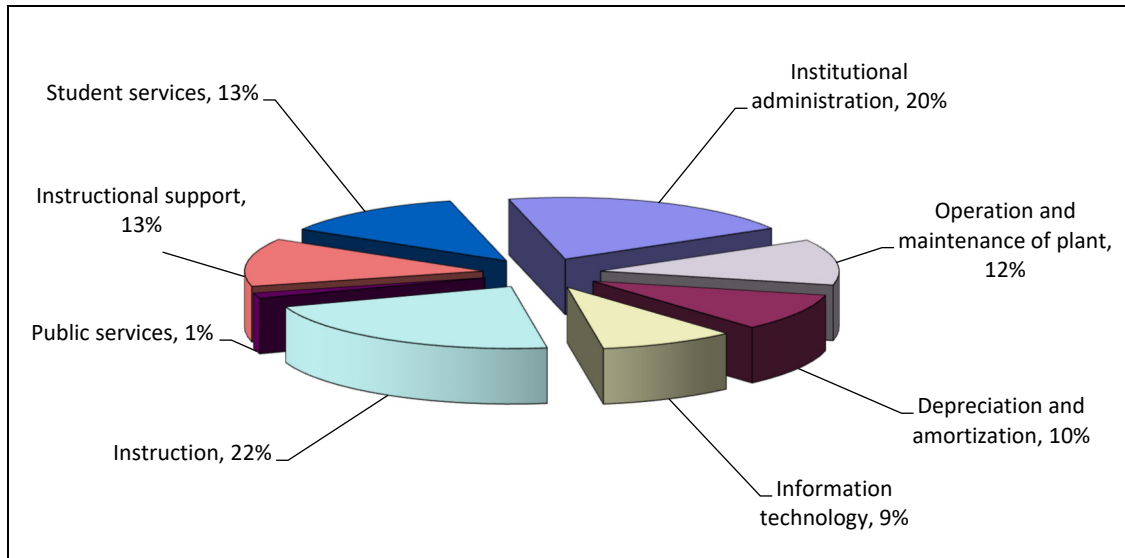
LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

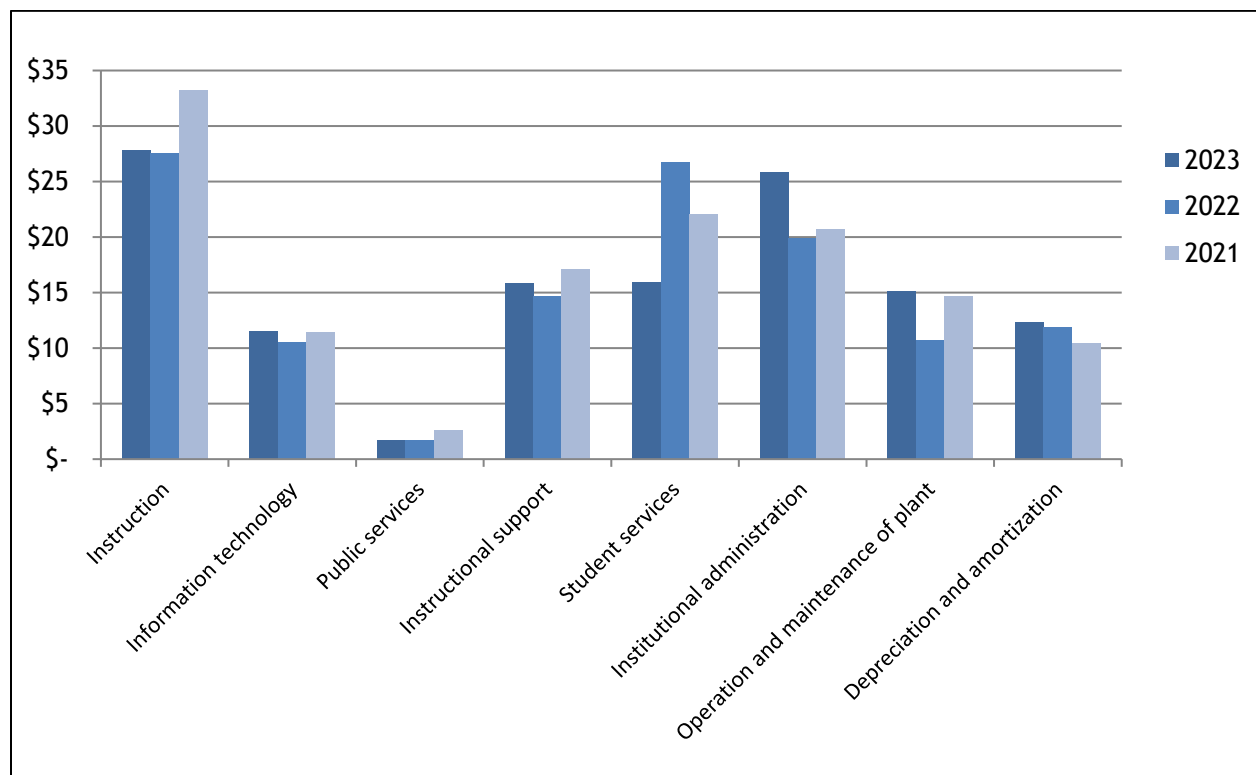
Operating Expenses

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

2023 Operating Expenses



2023, 2022, 2021 Operating Expenses by Function (in millions)



LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year 2023 Compared to 2022

Total operating expenses increased \$2.2 million primarily as a result of the following factors:

- Increases of \$0.3 million and \$1.1 million in instruction and instructional support, respectively, due to increases in wages and benefits, and also an increase in travel, training and conference expenses as more conferences are now delivered in person rather than virtual.
- Decreases of \$10.8 million in student services due to the final HEERF student grants being issued in fiscal year 2022 in the amount of \$12.2 million, offset by increases in wages and benefits and an increase in institutional scholarships awarded in fiscal year 2023.
- Increases of \$1.0 million in information technology operating expenses due to an increase in purchased services and a slight increase in wage and benefit expenses.
- Increases of \$5.9 million in institutional administration primarily due to a one-time \$4.6 million state appropriation to the College as additional assets toward the unfunded liability, to be contributed to the retirement system. In addition, wages and benefits saw an increase, as did conference services event expenses.
- Increases of \$4.3 million in operation and maintenance of plant primarily due to the prior year expense reduction on the 2012 bond refunding.

Fiscal Year 2022 Compared to 2021

Total operating expenses decreased \$8.5 million primarily as a result of the following factors:

- Decreases of \$5.7 million and \$2.4 million in instruction and instructional support, respectively, in operating expenses related to Pension and OPEB liabilities. These expenses are allocated to the various functions based on the fiscal year payroll charged to each function.
- Increases of \$4.7 million in student services due to an increase in HEERF student grants awarded and increase in wages and benefits due to the increase of employees and students return to campus.
- Decreases of \$0.9 million in public services operating expenses due to reduced activity in the Early College and High School Diploma Completion Initiative programs.
- Decreases of \$4.0 million in operation and maintenance of plant primarily due to HEERF funds available for certain purchases, delays in projects due to supply chain issues, and savings on the 2012 bond refunding.

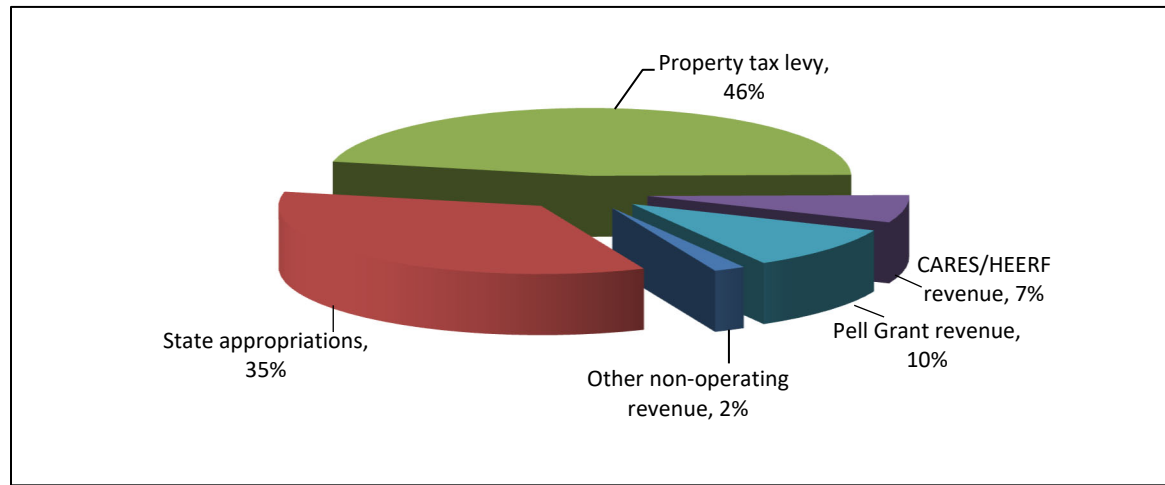
LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

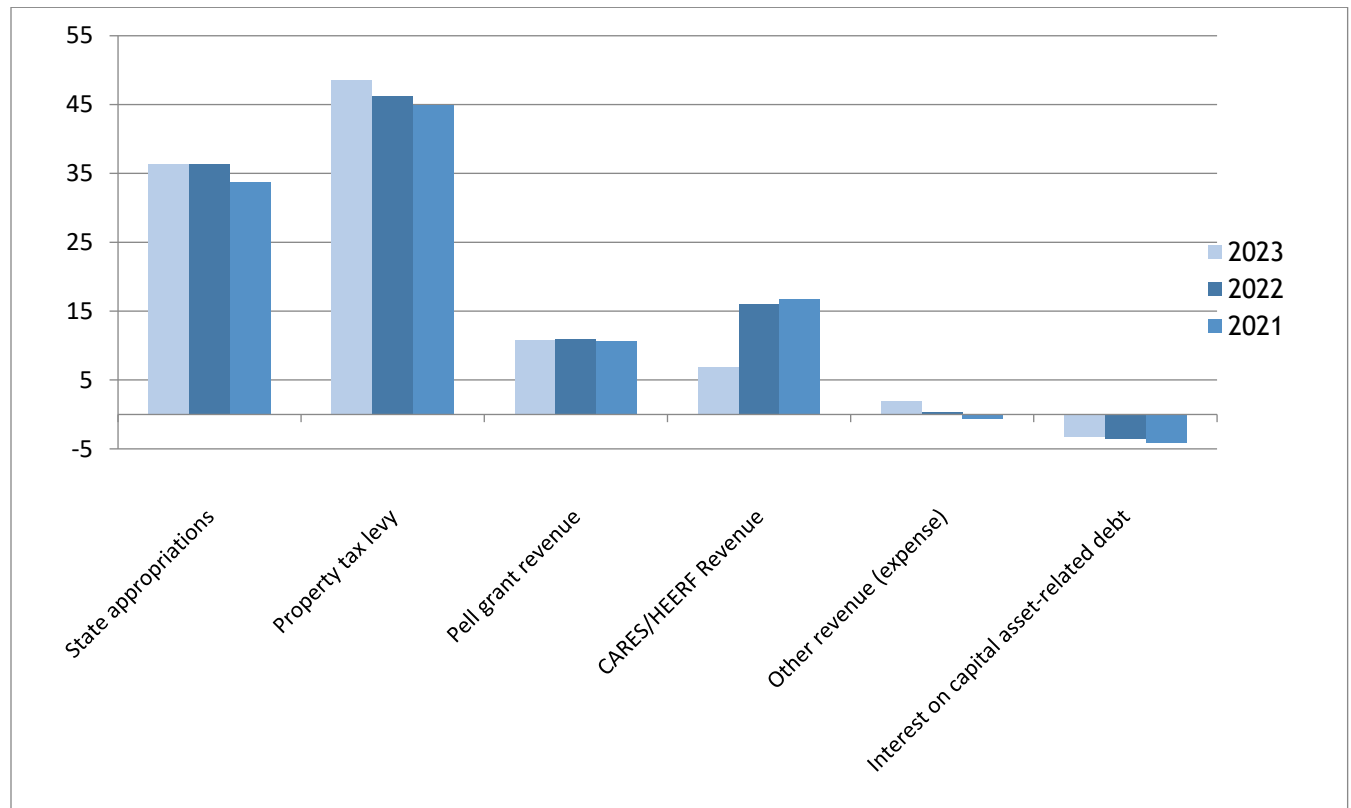
Non-Operating Revenues

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

2023 Non-Operating & Other Revenue



2023, 2022, 2021 Net Non-Operating Revenue (in millions)



LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year 2023 Compared to 2022

Total net non-operating revenues decreased \$4.9 million. This decrease was primarily due to a decrease of HEERF funds as the grant was closed out in fiscal year 2023. This was offset by an increase in Property Tax Levy of \$2.3 million due to increased taxable values, increases of \$1.7 million in investment returns due to increasing interest rates, and reductions of interest on capital asset-related debt of \$0.2 million.

Fiscal Year 2022 Compared to 2021

Total net non-operating revenues increased \$4.1 million. This increase was primarily due to increased State Appropriations of \$1.6 million as a result of a supplemental State of Michigan appropriation issued at the end of the State's fiscal year, and an increase in Property Tax Levy of \$1.4 million due to increased taxable values. A slight increase of \$0.2 million in Pell grants and increases overall of \$1.6 million in investment returns and reductions of interest on capital asset-related debt due to a 2022 bond refunding issue.

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:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease) 2023-2022</u>	<u>2021</u>	<u>Increase (Decrease) 2022-2021</u>
Cash provided (used) by:					
Operating activities	\$ (85.7)	\$ (88.2)	\$ 2.5	\$ (75.3)	\$ (12.9)
Noncapital financing activities	102.3	109.4	(7.1)	104.2	5.2
Capital and related financing activities	(35.7)	(35.0)	(0.7)	(28.2)	(6.8)
Investing activities	<u>11.7</u>	<u>4.1</u>	<u>7.6</u>	<u>9.1</u>	<u>(5.0)</u>
Net (decrease) increase in cash	(7.4)	(9.7)	2.3	9.8	(19.5)
Cash, beginning of year	<u>15.2</u>	<u>24.9</u>	<u>(9.7)</u>	<u>15.1</u>	<u>9.8</u>
Cash, end of year	<u>\$ 7.8</u>	<u>\$ 15.2</u>	<u>\$ (7.4)</u>	<u>\$ 24.9</u>	<u>\$ (9.7)</u>

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year 2023 Compared to 2022

The College's cash and cash equivalents decreased by \$7.4 million during 2023 due to a number of offsetting factors in each of the following 4 categories:

- Operating activities used \$2.5 million less primarily due to decreases in tuition and fee receipts and decreases in payments to suppliers, students and employees.
- Noncapital financing activities decreased \$7.1 million due to decreases in federal HEERF Act funds of \$9.2 million offset by increases in property taxes of \$2.3 million.
- Capital and Related Financing Activities used \$0.74 million more due to the implementation of GASB 96 and an additional lease asset in fiscal 2023.
- Investing Activities provided \$7.6 million more due to investing activities throughout the year that resulted in sale and maturities of investments of \$31.9 million less coupled with \$39.5 million less in purchase of investments.

Fiscal Year 2022 Compared to 2021

The College's cash and cash equivalents decreased by \$9.7 million during 2022 due to a number of offsetting factors in each of the following 4 categories:

- Operating activities used \$12.9 million more primarily due to increased payments to employees as in person campus activities resumed after the pandemic along with the impact of the entries related to Pension and OPEB Liabilities.
- Noncapital financing activities increased \$5.2 million due to increases in property taxes of \$1.3 million and \$4.6 million in State Appropriations which are offset by decreases in federal HEERF Act funds of \$0.7 million.
- Capital and Related Financing Activities used \$6.8 million more primarily due to an increase of \$5.8 million in the purchase of capital assets related to the bond funded building projects for the parking facilities, an increase of \$1.6 million for the purchase of right to use subscription-based information technology assets, which is offset by reduced interest paid on capital debt due to a bond refunding in 2022.
- Investing Activities provided \$5.0 million less due to investing activities throughout the year that resulted in sale and maturities of investments of \$56.8 million more coupled with \$61.8 million more in purchase of investments.

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration

Capital Assets at Net Book Value as of June 30, 2023, 2022, and 2021 are shown below (in millions):

	2023	2022	Increase (Decrease) 2023-2022	2021	Increase (Decrease) 2022-2021
Land	\$ 15.2	\$ 15.2	\$ -	\$ 15.1	\$ 0.1
Construction in progress	0.3	32.8	(32.5)	10.7	22.1
Buildings and improvements	295.0	242.3	52.7	241.7	0.6
Furniture, fixtures and equipment	101.7	100.0	1.7	98.0	2.0
Infrastructure and land improvements	7.7	5.3	2.4	5.2	0.1
Subscription-based IT assets	6.7	4.9	1.8	-	4.9
Lease assets	2.8	2.3	0.5	2.3	-
Total capital assets	429.4	402.8	26.6	373.0	29.8
Less accumulated depreciation	199.4	187.6	11.8	176.1	11.5
Capital assets, net	\$ 230.0	\$ 215.2	\$ 14.8	\$ 196.9	\$ 18.3

Fiscal Year 2023 Compared to 2022

As of June 30, 2023, the College had \$429.4 million invested in capital assets, net of accumulated depreciation of \$199.4 million, resulting in \$230.0 million in net capital assets. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, right to use lease assets, right to use subscription-based information technology assets and construction in progress. The total increase in the College's net capital assets for the 2023 fiscal year is \$14.8 million. Annual depreciation for fiscal 2023 was \$12.3 million, which was offset by additions of \$27.1 million primarily due to the final construction of the Gannon parking ramp of which was \$12.8 million, \$6.9 million in HVAC upgrades, and \$1.8 million in instructional equipment.

Fiscal Year 2022 Compared to 2021

As of June 30, 2022, the College had \$402.8 million invested in capital assets, net of accumulated depreciation of \$187.6 million, resulting in \$215.2 million in net capital assets. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, right to use lease assets, right to use subscription-based information technology assets and construction in progress. The total increase in the College's net capital assets for the 2022 fiscal year is \$18.3 million. Annual depreciation for fiscal 2022 was \$11.9 million, which was offset by additions of \$25.3 million primarily due to the construction of the Gannon parking ramp of which was \$20.8 million, \$2.9 million in HVAC upgrades and \$1.0 million in instructional equipment. There was a \$4.9 million increase due to the fiscal year 2022 restatement for subscription-based information technology assets.

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.

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Debt Obligations as of June 30, 2023, 2022, and 2021 are shown below
(in millions):

	<u>2023</u>	<u>2022</u>	Increase (Decrease) <u>2023-2022</u>	<u>2021</u>	Increase (Decrease) <u>2022-2021</u>
2012 building & site bonds (including premium)	\$ -	\$ -	\$ -	\$ 25.7	\$ (25.7)
2015 refunding bonds	2.5	3.3	(0.8)	4.0	(0.7)
2016 refunding bonds	2.6	3.4	(0.8)	4.3	(0.9)
2017 building & site bonds (including premium)	28.3	28.8	(0.5)	29.5	(0.7)
2019 building & site bonds (including premium)	41.8	42.8	(1.0)	43.6	(0.8)
2022 refunding bonds	<u>17.8</u>	<u>20.1</u>	<u>(2.3)</u>	<u>-</u>	<u>20.1</u>
Total long-term debt	93.0	98.4	(5.4)	107.1	(8.7)
Less current portion of long-term debt	<u>(5.1)</u>	<u>(5.0)</u>	<u>(0.1)</u>	<u>(4.5)</u>	<u>(0.5)</u>
Long-term debt, net of current portion	<u>\$ 87.9</u>	<u>\$ 93.4</u>	<u>\$ (5.5)</u>	<u>\$ 102.6</u>	<u>\$ (9.2)</u>

At fiscal year-end in 2023, the College had \$93.0 million in outstanding debt which included five outstanding bond issues. In February 2022, the College issued \$20.1 million in bonds to pay off the 2012 bond issue. The 2022 refunding bonds will be paid off in May 2032. 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 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 Debt Obligations; for detailed information on lease obligations, refer to Note 9, Leases; for detailed information on subscription obligations, refer to Note 10, Subscription-Based Information Technology Agreements, within the notes to financial statements section of this document.

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. The amount received from the State of Michigan for community college operating appropriations in fiscal year 2023 was \$34.3 million. The state legislature continues to review the funding formula and process for determining appropriations for Michigan community colleges. The level of future funding to Lansing Community College may be adversely impacted by some proposed funding models.

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Coronavirus pandemic has significantly impacted the way the College teaches and works. A return to campus by students and employees began in Fall 2021 with more face-to-face classes and student support services provided, however current year enrollment decreased approximately 4% from the previous year. The pandemic has altered the historical higher education relationship between the economy and college enrollment, especially in community colleges. The College continues to actively monitor its enrollment levels and develop new strategies to increase enrollment.

During 2023 and 2024, both the US and Michigan economies are expected to continue to exhibit growth but at slowing rates. Economic growth is forecasted to be stronger in 2025. Michigan is generally expected to grow more slowly than the nation as a whole. Inflation rates will decline over the forecast period at a slow but steady pace. Employment gains continue in 2023 but at a slower pace. The Michigan unemployment rate continues to be historically low at 3.6% rate in 2022. It is forecasted to range between 3.5% to 3.8% through 2024.

Property tax revenue to the College increased again in 2023 due to the impact of higher taxable values. 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 with an increase in the subsequent fiscal year with continued increases in property values. Community colleges are currently receiving personal property tax replacement disbursements from the State's Local Community Stabilization Authority. The College received \$601 thousand in fiscal year 2023 as compared to \$410 thousand in fiscal year 2022.

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, 2023 and 2022 as a percentage of payroll ranged from 37.61 to 44.88 and 35.47 to 43.28 percent, respectively. The rates for the upcoming fiscal year range from 37.85 to 48.23 percent.

The College budgets approximately \$45.8 million in salaries and wages for General Fund employees who participate in MPSERS, therefore, each 1% increase in contribution rate equates to approximately \$458 thousand more in retirement contribution costs.

The College anticipates an increase in benefit costs in Fiscal Year 2024 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, 2023 AND JUNE 30, 2022

	Primary Government Lansing Community College 2023	Primary Government Lansing Community College 2022	Component Unit Lansing Community College Foundation 2023	Component Unit Lansing Community College Foundation 2022
Assets				
Current assets				
Cash and cash equivalents	\$ 7,793,245	\$ 15,193,993	\$ 835,080	\$ 529,492
Short-term investments	69,612,685	64,247,685	414,272	257,343
Property taxes receivable, net	921,386	804,116	-	-
State appropriations receivable	7,800,914	7,548,152	-	-
Accounts receivable, net	1,886,919	1,707,239	-	-
Federal and state grants receivable	2,100,988	3,216,088	-	-
Prepaid expenses and other assets	2,328,855	2,320,230	23,066	23,066
Promises to give	-	-	5,000	305,000
Due from component unit	17,419	26,583	-	-
Total current assets	92,462,411	95,064,086	1,277,418	1,114,901
Noncurrent assets				
Restricted short-term investments - unspent bond proceeds	-	15,063,110	-	-
Promises to give, net of current portion	-	-	5,000	10,000
Long-term investments	-	-	18,158,633	16,351,314
Capital assets not being depreciated	15,448,821	47,973,177	-	-
Capital assets being depreciated, net	214,592,398	167,281,973	-	-
Total noncurrent assets	230,041,219	230,318,260	18,163,633	16,361,314
Total assets	322,503,630	325,382,346	19,441,051	17,476,215
Deferred outflows of resources				
Deferred charge on refunding	1,636,952	1,818,836	-	-
Deferred pension and OPEB amounts (Note 7)	62,959,003	32,081,158	-	-
Total deferred outflows of resources	64,595,955	33,899,994	-	-
Liabilities				
Current liabilities				
Accounts payable	4,079,625	6,642,007	7,853	5,739
Due to primary government	-	-	17,419	14,177
Accrued payroll and other compensation	6,533,142	7,531,467	-	-
Accrued vacation	2,420,592	2,284,992	-	-
Accrued interest payable	523,263	544,168	-	-
Unearned revenue	4,899,054	4,268,911	-	-
Current portion of subscription obligations	1,856,722	1,623,059	-	-
Current portion of lease obligations	678,425	405,978	-	-
Current portion of debt obligations	5,150,000	5,025,000	-	-
Total current liabilities	26,140,823	28,325,582	25,272	19,916
Noncurrent liabilities				
Long-term subscription obligations, net of current portion	1,179,548	1,667,326	-	-
Long-term lease obligations, net of current portion	738,829	1,123,734	-	-
Long-term debt obligations, net of current portion	87,872,880	93,427,706	-	-
Net pension liability (Note 7)	172,006,584	117,177,936	-	-
Net other postemployment benefits liability (Note 7)	9,674,482	7,234,259	-	-
Total noncurrent liabilities	271,472,323	220,630,961	-	-
Total liabilities	297,613,146	248,956,543	25,272	19,916
Deferred inflows of resources				
Deferred pension and OPEB amounts (Note 7)	50,093,271	85,508,497	-	-
Net position (deficit)				
Net investment in capital assets (Note 11)	134,201,767	128,864,293	-	-
Restricted:				
Restricted fund activities	290,710	229,982	-	-
Nonexpendable - endowments	-	-	12,446,135	11,940,498
Expendable - endowments, scholarships, and grants	-	-	6,638,692	5,307,575
Unrestricted (deficit) (Note 12)	(95,099,309)	(104,276,975)	330,952	208,226
Total net position	\$ 39,393,168	\$ 24,817,300	\$ 19,415,779	\$ 17,456,299

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, 2023 AND JUNE 30, 2022

	Primary Government Lansing Community College 2023	Primary Government Lansing Community College 2022	Component Unit Lansing Community College Foundation 2023	Component Unit Lansing Community College Foundation 2022
Operating revenues				
Tuition and fees (net of scholarship allowances of \$11,820,183 and \$12,031,942 in 2023 and 2022, respectively)	\$ 28,244,619	\$ 31,956,596	\$ -	\$ -
Federal grants and contracts	2,330,319	2,374,523	-	-
State grants and contracts	1,123,058	884,092	-	-
Local grants and contracts	5,218,227	5,153,858	-	-
Sales and services of educational activities	-	2,097	-	-
Sales and services of auxiliary activities	647,208	132,919	-	-
Job training programs	336,677	372,719	-	-
Miscellaneous	1,054,683	1,045,069	-	-
Total operating revenues	38,954,791	41,921,873	-	-
Operating expenses				
Instruction	27,760,429	27,509,741	-	-
Information technology	11,550,898	10,544,583	-	-
Public services	1,737,936	1,756,209	-	-
Instructional support	15,801,341	14,722,151	-	-
Student services	15,863,662	26,674,948	-	-
Institutional administration	25,765,429	19,878,823	-	-
Operation and maintenance of plant	15,061,929	10,661,433	-	-
Depreciation and amortization	12,289,152	11,872,616	-	-
Foundation operations and fundraising	-	-	747,241	896,691
Total operating expenses	125,830,776	123,620,504	747,241	896,691
Operating loss	(86,875,985)	(81,698,631)	(747,241)	(896,691)
Nonoperating revenues (expenses)				
State appropriations	36,381,429	36,377,586	-	-
Property tax levy	48,618,027	46,328,235	-	-
Pell Grant revenue	10,819,567	10,888,958	-	-
Federal nonoperating grants - HEERF	6,870,966	16,038,737	-	-
Investment return and other gains (losses)	2,040,154	288,473	1,770,846	(2,998,020)
Interest on capital asset-related debt	(3,278,290)	(3,525,028)	-	-
Gifts	-	-	1,070,817	1,200,953
Payments to primary government	-	-	(630,278)	(543,416)
Net nonoperating revenues (expenses)	101,451,853	106,396,961	2,211,385	(2,340,483)
Change in net position before other revenues	14,575,868	24,698,330	1,464,144	(3,237,174)
Other revenues				
Capital gifts	-	101,947	-	-
Additions to permanent endowment funds	-	-	495,336	1,778,697
Total other revenues	-	101,947	495,336	1,778,697
Change in net position	14,575,868	24,800,277	1,959,480	(1,458,477)
Net position, beginning of year	24,817,300	17,023	17,456,299	18,914,776
Net position, end of year	\$ 39,393,168	\$ 24,817,300	\$ 19,415,779	\$ 17,456,299

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

	Primary Government Lansing Community College 2023	Primary Government Lansing Community College 2022
Cash flows from operating activities		
Tuition and fees	\$ 28,704,246	\$ 31,485,547
Grants and contracts	9,786,704	8,216,486
Payments to suppliers and students	(29,215,155)	(31,181,408)
Payments to or on behalf of employees	(97,398,785)	(98,863,713)
Educational enterprise charges	-	2,097
Auxiliary enterprise charges	753,040	171,356
Other	1,676,970	1,925,564
Net cash used in operating activities	(85,692,980)	(88,244,071)
Cash flows from noncapital financing activities		
Local property taxes	48,500,757	46,222,034
Pell Grant receipts	10,819,567	10,888,958
Federal nonoperating grants - HEERF	6,870,966	16,038,737
William D. Ford direct lending receipts	10,425,374	10,859,048
William D. Ford direct lending disbursements	(10,425,374)	(10,859,048)
State scholarship and grant receipts	4,704,064	5,466,249
State scholarship and grant disbursements	(4,704,064)	(5,466,249)
State appropriations	36,128,667	36,255,855
Net cash provided by noncapital financing activities	102,319,957	109,405,584
Cash flows from capital and related financing activities		
Purchase of capital assets	(24,543,637)	(25,219,758)
Principal paid on subscriptions	(2,278,537)	(1,645,681)
Principal paid on leases	(646,044)	(406,535)
Principal paid on capital debt	(5,025,000)	(24,260,000)
Proceeds from sales of capital assets	26,424	50,226
Proceeds from bond refunding and bond issuance	-	20,110,000
Interest paid on capital asset-related debt, subscriptions and leases	(3,299,195)	(3,646,409)
Net cash used in capital and related financing activities	(35,765,989)	(35,018,157)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	110,216,697	142,108,433
Interest on investments and other gains	118,264	130,477
Purchases of investments	(98,596,697)	(138,108,434)
Net cash provided by investing activities	11,738,264	4,130,476
Net decrease in cash and cash equivalents	(7,400,748)	(9,726,168)
Cash and cash equivalents, beginning of year	15,193,993	24,920,161
Cash and cash equivalents, end of year	\$ 7,793,245	\$ 15,193,993

Noncash activity in fiscal 2023 for the subscription-based information technology assets and lease asset acquisition and related liability of \$533,583 for leases and \$2,024,422 for subscriptions. There was no noncash activity for either leases or subscriptions during fiscal 2022.

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022

	Primary Government Lansing Community College 2023	Primary Government Lansing Community College 2022
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (86,875,985)	\$ (81,698,631)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	12,289,152	11,872,616
Amortization of bond premium	(404,826)	(4,557,157)
Net change in loss on refunding	181,884	(168,172)
(Increase) decrease in operating assets and deferred outflows		
Accounts receivable, net	(170,516)	(505,406)
Federal and state grants receivable	1,115,100	(195,987)
Prepaid expenses and other assets	(8,625)	321,074
Change in deferred outflows for pension and OPEB amounts	(30,877,845)	16,079,265
Increase (decrease) in operating liabilities and deferred inflows		
Accounts payable	(2,562,382)	272,129
Accrued payroll and other compensation	(998,325)	507,933
Accrued vacation	135,600	443,786
Unearned revenue	630,143	34,357
Change in deferred inflows for pension and OPEB amounts	(35,415,226)	48,233,813
Change in net pension and OPEB liability	57,268,871	(78,883,691)
Net cash used in operating activities	\$ (85,692,980)	\$ (88,244,071)

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 "MUFR"). 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 MUFR.

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, 2023 and 2022, the Foundation distributed \$630,278 and \$543,416, 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 consist 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, 2023 and June 30, 2022 were in the form of Insured Cash Sweep Account ("ICS"), Certificate of Deposit Account Registry Service ("CDARS"), Certificates of Deposit ("CD"), Commercial Paper, Money Market Funds, 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
Subscription-bases information technology assets	2 - 7 years
Lease assets	2 - 15 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.

In accordance with GASB Statement No. 87, *Leases*, the College records any noncancelable lease as a right to use asset that spans more than 12 months and exceeds \$150,000 over the life of the lease. Additional information can be found in Note 4.

In accordance with GASB Statement No. 96, *Subscription-based Information Technology Arrangements*, the College records any noncancelable arrangement as a right to use asset that spans more than 12 months and exceeds a cost of \$5,000 per year in the agreement. Additional information can be found 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.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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 assets that applies to 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.

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 assets that applies to 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

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

services, administrative expenses, and depreciation and amortization 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 2023 summer semester began May 15, 2023 and ended August 8, 2023. The 2022 summer semester began May 16, 2022 and ended August 8, 2022.

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 uncollectible. For the years ended June 30, 2023 and 2022, the College levied 3.7692 mills per \$1,000 of assessed valuation for general operations.

O. State Appropriations Revenue

State appropriations revenue has been recorded in accordance with the MUFR. The State of Michigan issued amendment PA3 in March 2023 that included a one-time distribution to the College of \$4.6 million as additional assets being contributed to the retirement system's unfunded liability. During Fiscal Year 2022, the College received and recorded a supplemental Fiscal Year 2021 operating appropriation from the State of Michigan in the amount of \$1.3 million.

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, 2023 and 2022 is classified as a current liability in the accompanying statements of net position.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

R. Long-Term Obligations

In the College's financial statements, long-term lease obligations, long-term subscription obligations and 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. Leases

The College has noncancelable leases for grounds and buildings. The College recognizes a lease liability and an intangible right-to-use asset (lease asset) in the financial statements. The College recognizes lease liabilities with an initial individual value of \$150,000 or more.

At the commencement of a lease, the College initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

T. Subscription-Based Information Technology Arrangements ("SBITA")

The College has noncancelable subscription-based information technology agreements. These agreements are recognized with a subscription liability and an intangible right-to-use subscription asset in the financial statements. The College recognizes subscription liabilities with an initial value of at least a cost of \$5,000 per year in the agreement.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

At the commencement of a subscription, the College initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to subscriptions include how the College determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The College uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for subscriptions. The subscription term includes the noncancelable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

U. 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.

V. 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. Significant estimates include allowances for doubtful accounts, net pension and OPEB liabilities, and deferred outflows and inflows related to pension and OPEB amounts.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

W. 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.

X. Reclassification

Certain amounts as reported in the 2022 financial statements have been reclassified to conform with the 2023 presentation.

Y. Change in Accounting Principle

For 2023, the College implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Agreements*. The standard requires recognition of certain subscription assets and liabilities for subscriptions that previously were incurred as outflows of resources based on the payment provisions of the agreement. It establishes a single model for subscription-based IT agreement accounting based on the foundational principle that these subscriptions are financings of a right-to-use subscription asset. Under GASB 96, the College is required to recognize a subscription liability and an intangible right-to-use subscription asset. The implementation of the standard effective July 1, 2021, did not have a significant impact on the College's assets, liabilities, deferred inflows, net position, revenues, or expenses as of and for the years ended June 30, 2023 and 2022. The present value of existing subscription-based agreements was \$4,936,066 as of July 1, 2021, with the College recording both subscription-based right-to-use assets and related obligations for this amount (no impact on net position). The College also restated its statement of net position as of June 30, 2022 by increasing both assets and liabilities by \$3,290,385. The net impact to fiscal 2022 expenses related to the implementation of GASB No. 96 was a nominal amount, and therefore, the College only reclassified the presentation of operating expenses by function in the statement of revenues, expenses and changes in net position for the year ended June 30, 2022. Additional disclosure is found in Notes 4 and 10.

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	2023	2022
Cash and cash equivalents	\$ 7,793,245	\$ 15,193,993
Short-term investments:		
Insured Cash Sweep (ICS) Account	6,283,839	6,230,244
Certificate of Deposit Account Registry Service (CDARS)	19,477,643	19,262,869
Commercial Paper	-	7,626,935
Money Market Funds	18,146,400	-
Michigan Liquid Asset Fund Plus (MILAF) – Money Market Mutual Funds	17,704,803	21,127,637
Term	8,000,000	10,000,000
Total short-term investments	<u>69,612,685</u>	<u>64,247,685</u>
Restricted short-term investments:		
US Treasury Notes	-	1,945,304
MILAF – Money Market Mutual Funds	-	13,117,806
Total short-term restricted investments	<u>-</u>	<u>15,063,110</u>
Total Deposits and Investments	<u>\$ 77,405,930</u>	<u>\$ 94,504,788</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 and Commercial Paper: Value is based on similar data values or market prices and classified as level 2.

The College has only level 1 issues as of June 30, 2023.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The College has investments with the following recurring fair value measurements as of June 30, 2023 and 2022:

2023	Level 1	Level 2	Level 3	Total
ICS & CDARS	\$ 25,761,482	\$ -	\$ -	\$ 25,761,482
Money Market & Term	43,851,203	-	-	43,851,203
Commercial Paper	-	-	-	-
US Treasury Notes	-	-	-	-
Total Investments	\$ 69,612,685	\$ -	\$ -	\$ 69,612,685

2022	Level 1	Level 2	Level 3	Total
ICS & CDARS	\$ 25,493,113	\$ -	\$ -	\$ 25,493,113
Money Market & Term	44,245,443	-	-	44,245,443
Commercial Paper	-	7,626,935	-	7,626,935
US Treasury Notes	-	1,945,304	-	1,945,304
Total Investments	\$ 69,738,556	\$ 9,572,239	\$ -	\$ 79,310,795

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:

2023	Less Than One Year	One to Five Years	Total
ICS & CDARS	\$ 25,761,482	\$ -	\$ 25,761,482
Money Market & Term	43,851,203	-	43,851,203
Commercial Paper	-	-	-
US Treasury Notes	-	-	-
Total Investments	\$ 69,612,685	\$ -	\$ 69,612,685

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

2022	Less Than One Year	One to Five Years	Total
ICS & CDARS	\$ 25,493,113	\$ -	\$ 25,493,113
Money Market & Term	44,245,443	-	44,245,443
Commercial Paper	7,626,935	-	7,626,935
US Treasury Notes	1,945,304	-	1,945,304
Total Investments	\$ 79,310,795	\$ -	\$ 79,310,795

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, 2023, \$43,851,203 of the College's bank balance of \$78,117,675 was uninsured or uncollateralized. At June 30, 2022, \$53,817,682 of the College's bank balance of \$95,193,122 was uninsured or uncollateralized. The College does have over \$10,000,000 at one institution as of June 30, 2023 and 2022. That institution collateralizes the College's balances with U.S. Treasury Notes.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

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

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	2023	2022
Property taxes receivable	\$ 4,650,301	\$ 3,665,058
Less allowance for doubtful collection	<u>(3,728,915)</u>	<u>(2,860,942)</u>
Property taxes receivable, net	<u>\$ 921,386</u>	<u>\$ 804,116</u>

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

Accounts Receivable	2023	2022
Accounts receivable	\$ 5,948,648	\$ 12,212,619
Less allowance for doubtful collection	<u>(4,061,729)</u>	<u>(10,505,380)</u>
Accounts receivable, net	<u>\$ 1,886,919</u>	<u>\$ 1,707,239</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2023 and 2022 follows:

Capital Asset Activity	Beginning Balance July 1, 2022	Additions	Deletions	Transfers	Ending Balance June 30, 2023
Assets not being depreciated:					
Land	\$ 15,147,861	\$ -	\$ -	\$ -	\$ 15,147,861
Construction in progress	32,825,316	22,692,602	-	(55,216,958)	300,960
Total capital assets not being depreciated	47,973,177	22,692,602	-	(55,216,958)	15,448,821
Capital assets being depreciated:					
Buildings and improvements	242,331,280	-	-	52,668,580	294,999,860
Furniture and equipment	99,975,045	1,793,807	(241,348)	187,380	101,714,884
Infrastructure and improvements	5,300,631	43,712	-	2,360,998	7,705,341
Lease assets – ground	453,161	-	-	-	453,161
Lease assets – buildings	1,854,583	533,586	-	-	2,388,169
Subscription-based information technology right-to-use assets	4,936,066	2,024,422	(201,717)	-	6,758,771
Total capital assets being depreciated	354,850,766	4,395,527	(443,065)	55,216,958	414,020,186
Less accumulated depreciation:					
Buildings and improvements	89,646,890	6,554,594	-	-	96,201,484
Furniture and equipment	90,841,607	2,909,890	(228,440)	-	93,523,057
Infrastructure and improvements	4,658,001	266,403	-	-	4,924,404
Lease assets – ground	29,312	29,143	-	-	58,455
Lease assets – buildings	747,302	624,361	-	-	1,371,663
Subscription-based information technology right-to-use assets	1,645,681	1,904,761	(201,717)	-	3,348,725
Total accumulated depreciation	187,568,793	12,289,152	(430,157)	-	199,427,788
Capital assets being depreciated, net	167,281,973	(7,893,625)	(12,908)	55,216,958	214,592,398
Capital assets, net	\$215,255,150	\$ 14,798,977	\$ (12,908)	\$ -	\$230,041,219

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Capital Asset Activity	Beginning Balance July 1, 2021*	Additions	Deletions	Transfers	Ending Balance June 30, 2022
Assets not being depreciated:					
Land	\$ 15,147,861	\$ -	\$ -	\$ -	\$ 15,147,861
Construction in progress	10,698,417	23,449,680	-	(1,322,781)	32,825,316
Total capital assets not being depreciated	25,846,278	23,449,680	-	(1,322,781)	47,973,177
Capital assets being depreciated:					
Buildings and improvements	241,742,590	-	-	588,690	242,331,280
Furniture and equipment	98,011,561	1,774,644	(545,251)	734,091	99,975,045
Infrastructure and improvements	5,240,927	59,704	-	-	5,300,631
Lease assets – ground	453,161	-	-	-	453,161
Leases assets – buildings	1,854,583	-	-	-	1,854,583
Subscription-based information technology right-to-use assets	4,936,066	-	-	-	4,936,066
Total capital assets being depreciated	352,238,888	1,834,348	(545,251)	1,322,781	354,850,766
Less accumulated depreciation:					
Buildings and improvements	84,074,412	5,572,478	-	-	89,646,890
Furniture and equipment	87,332,920	4,041,389	(532,702)	-	90,841,607
Infrastructure and improvements	4,450,050	207,951	-	-	4,658,001
Lease assets – ground	605	28,707	-	-	29,312
Lease assets – buildings	370,892	376,410	-	-	747,302
Subscription-based information technology right-to-use assets	-	1,645,681	-	-	1,645,681
Total accumulated depreciation	176,228,879	11,872,616	(532,702)	-	187,568,793
Capital assets being depreciated, net	176,010,009	(10,038,268)	(12,549)	1,322,781	167,281,973
Capital assets, net	\$ 201,856,287	\$ 13,411,412	\$ (12,549)	\$ -	\$ 215,255,150

*The College implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2021. In accordance with this Statement, these assets have been added to the beginning balances shown above and a corresponding payable has been recorded for the same amount as of July 1, 2021.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

5. UNEARNED REVENUE

Unearned revenue at June 30 consists of the following:

Type of Unearned Revenue	2023	2022
Auxiliary services deposits	\$ 51,404	\$ 35,627
Student tuition and fees	2,758,190	2,634,553
Restricted funds	2,089,460	1,598,731
Total unearned revenue	<u>\$ 4,899,054</u>	<u>\$ 4,268,911</u>

6. LONG-TERM DEBT OBLIGATIONS

Long-term debt obligations activity related to bonds payable for the year ended June 30, 2023:

Long-Term Debt Obligation	Beginning Balance	Additions	Reductions	Ending Balance	
Bonds Payable	\$ 89,725,000	\$ -	\$ 5,025,000	\$84,700,000	<u>\$5,150,000</u>
Bond Premium	8,727,706	-	404,824	8,322,880	
Total Liability	<u>\$ 8,452,706</u>	<u>\$ -</u>	<u>\$ 5,429,824</u>	93,022,880	
Less current portion of long-term debt obligations				<u>5,150,000</u>	
Long-term debt obligations, net of current portion				<u>\$87,872,880</u>	

See Notes 9 and 10 for disclosures related to lease and subscription-based information technology arrangement obligations as of and for the years ended June 30, 2023 and 2022.

Long-term debt obligations activity related to bonds payable for the year ended June 30, 2022:

Long-Term Debt Obligation	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 93,875,00	\$20,110,000	\$24,260,000	\$89,725,000	<u>\$5,025,000</u>
Bond Premium	13,284,863	-	4,557,157	8,727,706	
Total Liability	<u>\$ 107,159,863</u>	<u>\$20,110,000</u>	<u>\$28,817,157</u>	98,452,706	
Less current portion of long-term debt obligations				<u>5,025,000</u>	
Long-term debt obligations, net of current portion				<u>\$93,427,706</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	2023	2022
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%	\$ 2,475,000	\$ 3,260,000
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%	2,590,000	3,435,000
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%	25,735,000	26,160,000
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%	36,075,000	36,760,000
2022 limited tax refunding bonds original balance of \$20,110,000, due in installments beginning in May, 2023 of \$710,000 to \$4,330,000 through May 1, 2032 plus interest at 1.513%.	<u>17,825,000</u>	<u>20,110,000</u>
Total bond issues	84,700,000	89,725,000
Plus: premium on bonds	<u>8,322,880</u>	<u>8,727,706</u>
Total long-term debt obligations	<u><u>\$ 93,022,880</u></u>	<u><u>\$ 98,452,706</u></u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Scheduled principal and interest requirements of debt obligations for years succeeding June 30, 2023 are summarized as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	\$ 5,150,000	\$ 3,139,581	\$ 8,289,581
2025	5,275,000	3,010,390	8,285,390
2026	5,470,000	2,819,517	8,289,517
2027	5,410,000	2,680,861	8,090,861
2028	5,530,000	2,559,083	8,089,083
2029-2033	26,310,000	9,561,750	35,871,750
2034-2038	10,990,000	5,398,464	16,388,464
2039-2043	8,175,000	3,296,850	11,471,850
2044-2048	10,165,000	1,306,400	11,471,400
2049	2,225,000	66,750	2,291,750
Total	84,700,000	33,839,646	118,539,646
Premium on bonds	8,322,880	-	8,322,880
Total as of June 30, 2023	\$ 93,022,880	\$ 33,839,646	\$ 126,862,526

Scheduled principal and interest requirements of debt obligations for years succeeding June 30, 2022 are summarized as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$ 5,025,000	\$ 3,265,005	\$ 8,290,005
2024	5,150,000	3,139,581	8,289,581
2025	5,275,000	3,010,390	8,285,390
2026	5,470,000	2,819,517	8,289,517
2027	5,410,000	2,680,861	8,090,861
2028-2032	29,700,000	10,737,870	40,437,870
2033-2037	11,705,000	5,910,677	17,615,677
2038-2042	7,805,000	3,668,450	11,473,450
2043-2047	9,800,000	1,674,000	11,474,000
2048-2049	4,385,000	198,300	4,583,300
Total	89,725,000	37,104,651	126,829,651
Premium on bonds	8,727,706	-	8,727,706
Total as of June 30, 2022	\$ 98,452,706	\$ 37,104,651	\$ 135,557,357

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 bonds payable for the years ended June 30, 2023 and 2022 was \$3,244,102 and \$3,518,877, respectively.

Bond Defeasance

In August 2023, the College issued a bond defeasance for a portion of the remaining amount on the 2015 obligation limited tax bonds. The total defeased was \$635,000. As of June 30, 2023 and 2022, the College had no defeased bonds.

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, 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.

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.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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 a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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, 2021 valuation will be amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2023, which excludes supplemental MPSERS UAAL employer stabilization contributions that are passed through the College to MPSERS based on rates ranging from 15.05% - 16.65% on prior year covered payroll:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	20.14% - 20.16%
Member Investment Plan ("MIP")	3.00% - 7.00%	20.14% - 20.16%
Pension Plus	3.00% - 6.40%	17.22% - 17.24%
Pension Plus 2	6.20%	19.93% - 19.95%
Defined Contribution	0.00%	13.73% - 13.75%

Required contributions to the pension plan from the College were \$20,644,161, \$15,489,424, and \$14,864,047 for the years ended June 30, 2023, 2022, and 2021, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2023:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	8.07% - 8.09%
Personal Healthcare Fund ("PHF")	0.00%	7.21% - 7.23%

Required contributions to the OPEB plan from the College were \$3,775,314, \$3,893,991, and \$3,706,977 for the years ended June 30, 2023, 2022, and 2021, respectively.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The table below summarizes defined contribution rates in effect for fiscal year 2023:

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, 2023, 2022, and 2021, required and actual contributions from the College for those members with a defined contribution benefit were \$524,167, \$469,304, and \$379,897, respectively.

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

At June 30, 2023 and 2022, the College reported a liability of \$172,006,584 and \$117,177,936, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2021 and 2020, 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, 2022, the College's proportion was 0.45736%, which was a decrease of 0.03758% points from its proportion measured as of September 30, 2021 of 0.49494%.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023, the College recognized pension expense of \$15,154,917. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2023	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	\$ 29,556,895	\$ -	\$ 29,556,895
Differences between expected and actual experience	1,720,666	384,588	1,336,078
Change in proportion and differences between employer contributions and proportionate share of contributions	17,478	14,144,461	(14,126,983)
Net difference between projected and actual earnings on pension plan investments	403,356	-	403,356
Total	31,698,395	14,529,049	17,169,346
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	12,080,795	(12,080,795)
College contributions subsequent to the measurement date	18,856,416	-	18,856,416
Total	\$ 50,554,811	\$ 26,609,844	\$ 23,944,967

The amount 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, 2024. The amount 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, 2024. 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
2024	\$ 3,519,478
2025	2,149,596
2026	2,613,305
2027	8,886,967
Total	\$ 17,169,346

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022, the College recognized pension expense of \$9,325,000. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2022	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	\$ 7,386,478	\$ -	\$ 7,386,478
Differences between expected and actual experience	1,815,136	690,039	1,125,097
Change in proportion and differences between employer contributions and proportionate share of contributions	-	8,907,028	(8,907,028)
Net difference between projected and actual earnings on pension plan investments	-	37,672,330	(37,672,330)
Total	9,201,614	47,269,397	(38,067,783)
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	7,159,551	(7,159,551)
College contributions subsequent to the measurement date	13,724,993	-	13,724,993
Total	\$ 22,926,607	\$ 54,428,948	\$ (31,502,341)

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

At June 30, 2023 and 2022, the College reported a liability of \$9,674,482 and \$7,234,259, respectively, for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2022 and 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2021 and 2020. 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, 2022, the College's proportion was 0.45676%, which was a decrease of 0.01719% points from its proportion measured as of September 30, 2021 of 0.47395%.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2023, the College recognized a reduction to OPEB expense of \$5,010,220. At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2023	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	\$ 8,623,176	\$ 702,148	\$ 7,921,028
Differences between expected and actual experience	-	18,948,603	(18,948,603)
Net difference between projected and actual earnings on OPEB plan investments	756,137	-	756,137
Changes in proportion and differences between employer contributions and proportionate share of contributions	49,162	3,832,676	(3,783,514)
Total	<u>9,428,475</u>	<u>23,483,427</u>	<u>(14,054,952)</u>
College contributions subsequent to the measurement date	<u>2,975,717</u>	<u>-</u>	<u>2,975,717</u>
Total	<u>\$ 12,404,192</u>	<u>\$ 23,483,427</u>	<u>\$ (11,079,235)</u>

The amount 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, 2024. 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
2024	\$ (4,850,758)
2025	(4,295,696)
2026	(3,757,400)
2027	(731,232)
2028	(384,604)
Thereafter	<u>(35,262)</u>
Total	<u>\$ (14,054,952)</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2022, the College recognized a reduction to OPEB expense of \$5,126,000. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2022	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	\$ 6,047,481	\$ 904,929	\$ 5,142,552
Differences between expected and actual experience	-	20,649,676	(20,649,676)
Net difference between projected and actual earnings on OPEB plan investments	-	5,452,591	(5,452,591)
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,625	4,072,353	(4,023,728)
Total	<u>6,096,106</u>	<u>31,079,549</u>	<u>(24,983,443)</u>
College contributions subsequent to the measurement date	<u>3,058,445</u>	<u>-</u>	<u>3,058,445</u>
Total	<u>\$ 9,154,551</u>	<u>\$ 31,079,549</u>	<u>\$ (21,924,998)</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, 2021 and 2020 actuarial valuations (for the fiscal years ended June 30, 2023 and 2022, 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)	6.00% (6.80% in 2020)
Pension Plus plan (hybrid)	6.00% (6.80% in 2020)
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00% (6.95% in 2020)

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Cost of living adjustments	3% annual, non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
Mortality	RP-2014 Male and Female Employee 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.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2022, are based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.3922 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2250 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, 2018 valuation. The total pension and OPEB liabilities as of September 30, 2021, are based on the results of an actuarial valuation date of September 30, 2020, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4367 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.1312 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

Changes in assumptions - September 30, 2021 Valuation. The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, 6.00% for the Pension Plus Plan, and 6.00% for OPEB.

Changes in assumptions - September 30, 2020 Valuation. The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.

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, 2022 and 2021, are summarized in the following tables:

2022		Long-Term Expected Real Rate of Return	Expected Money- Weighted Rate of Return
Asset Class	Target Allocation		
Domestic equity pools	25.00%	4.77%	1.19%
Private equity pools	16.00	8.13	1.30
International equity pools	15.00	6.26	0.94
Fixed income pools	13.00	-0.19	-0.02
Real estate and infrastructure pools	10.00	4.95	0.50
Absolute return pools	9.00	2.52	0.23
Real return/opportunistic pools	10.00	5.42	0.54
Short-term investment pools	2.00	-0.47	-0.01
Total Allocation	<u>100.00%</u>		<u>4.67%</u>
Inflation			2.20
Risk Adjustment			<u>-0.87</u>
Investment rate of return			<u>6.00%</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

2021			
	Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
	Domestic equity pools	25.00%	5.09%
	Private equity pools	16.00	8.58
	International equity pools	15.00	7.08
	Fixed income pools	10.50	-0.73
	Real estate and infrastructure pools	10.00	5.12
	Absolute return pools	9.00	2.42
	Real return/opportunistic pools	12.50	5.73
	Short-term investment pools	2.00	-1.29
	Total Allocation	100.00%	
			Expected Money-Weighted Rate of Return
			1.27%
			1.37
			1.06
			-0.08
			0.51
			0.22
			0.72
			-0.03
			5.04%
	Inflation		2.00
	Risk Adjustment		-0.24
	Investment rate of return		6.80%

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, 2022 and 2021, are summarized in the following tables:

2022		Long-Term Expected Real Rate of Return	Expected Money- Weighted Rate of Return
Asset Class	Target Allocation		
Domestic equity pools	25.00%	4.77%	1.19%
Private equity pools	16.00	8.13	1.30
International equity pools	15.00	6.26	0.94
Fixed income pools	13.00	-0.19	-0.02
Real estate and infrastructure pools	10.00	4.95	0.50
Absolute return pools	9.00	2.52	0.23
Real return/opportunistic pools	10.00	5.42	0.54
Short-term investment pools	2.00	-0.47	-0.01
Total Allocation	<u>100.00%</u>		<u>4.67%</u>
Inflation			2.20
Risk Adjustment			-0.87
Investment rate of return			<u>6.00%</u>
2021		Long-Term Expected Real Rate of Return	Expected Money- Weighted Rate of Return
Asset Class	Target Allocation		
Domestic equity pools	25.00%	5.09%	1.27%
Private equity pools	16.00	8.58	1.37
International equity pools	15.00	7.08	1.06
Fixed income pools	10.50	-0.73	-0.08
Real estate and infrastructure pools	10.00	5.12	0.51
Absolute return pools	9.00	2.42	0.22
Real return/opportunistic pools	12.50	5.73	0.72
Short-term investment pools	2.00	-1.29	-0.03
Total Allocation	<u>100.00%</u>		<u>5.04%</u>
Inflation			2.00
Risk Adjustment			-0.09
Investment rate of return			<u>6.95%</u>

Rate of Return

For the fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was -4.18% and -4.99%, respectively. For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.30% and 27.14%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

For the fiscal year ended September 30, 2022, a discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. 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.

For the fiscal year ended September 30, 2021, a discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 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% 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% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan) and 6.95%, 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.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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 6.00% 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, 2023:

As of June 30, 2023	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of net pension liability	\$ 226,984,790	\$ 172,006,584	\$ 126,702,066

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, 2022:

As of June 30, 2022	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	\$ 167,532,670	\$ 117,177,936	\$ 75,430,559

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 6.00%, 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, 2023:

As of June 30, 2023	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
College's proportionate share of net OPEB liability	\$ 16,228,013	\$ 9,674,482	\$ 4,155,596

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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, 2022:

	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
College's proportionate share of net OPEB liability	\$ 13,442,558	\$ 7,234,259	\$ 1,965,630

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, 2023:

As of June 30, 2023	1% Decrease	Current Healthcare Cost Trend	1% Increase
College's proportionate share of net OPEB liability	\$ 4,051,210	\$ 9,674,482	\$ 15,986,715

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, 2022:

As of June 30, 2022	1% Decrease	Current Healthcare Cost Trend	1% Increase
College's proportionate share of net OPEB liability	\$ 1,760,761	\$ 7,234,259	\$ 13,392,603

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, 2023, the College reported a payable of \$1,503,178 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2023. At June 30, 2022, the College reported a payable of \$1,733,215 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2022.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Payable to the OPEB Plan. At June 30, 2023, the College reported a payable of \$60,906 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2023. At June 30, 2022, the College reported a payable of \$182,424 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2022.

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 MPSERS. The Plan had 168 and 153 participants at June 30, 2023 and 2022, 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 MPSERS compensation, respectively. Institutional plan contributions will only be made for participants who have authorized the required participant plan contribution. Participant contributions are fully vested and non-forfeitable when made. Institutional contributions vest after two years of continuous full-time service as interpreted under MPSERS guidelines. The participant and College contributions to ORP for the year ended June 30, 2023 were \$598,328 and \$1,669,769, respectively. The participant and College contributions to ORP for the year ended June 30, 2022 were \$552,663 and \$1,542,319, respectively.

9. LEASES

The College is involved in three agreements as a lessee that qualify as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use assets and not financed purchases, as the College will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year. The present values are discounted using an interest rate of between 1.513% and 3.489% based on the estimated borrowing rate of the College at the time the lease commenced.

Remaining Term of Agreements

Asset Type

Land & building (ground lease)	13 years
Buildings	2 years

Detailed information regarding the assets acquired through June 30, 2023 can be referenced in Note 4 Capital Assets.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The net present value of future minimum payments as of June 30, 2023, were as follows:

Year Ended June 30	Principal	Interest
2024	\$ 678,425	\$ 23,074
2025	430,358	23,579
2026	30,645	2,889
2027	30,189	3,346
2028	29,739	3,796
2029-2033	150,578	27,157
2034-2035	67,320	16,601
Total	<u>\$ 1,417,254</u>	<u>\$ 100,442</u>

For fiscal year ended June 30, 2023 and 2022, total interest charged to expense for lease obligations was \$22,869 and \$6,151, respectively.

Lease liability activity for the year ended June 30, 2023, was as follows:

Lease Liability	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Leases Payable	<u>\$ 1,529,712</u>	<u>\$ 533,586</u>	<u>\$ 646,044</u>	<u>\$ 1,417,254</u>	<u>\$ 678,425</u>

Lease liability activity for the year ended June 30, 2022, was as follows:

Lease Liability	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Leases Payable	<u>\$ 1,936,247</u>	<u>\$ -</u>	<u>\$ 406,535</u>	<u>\$ 1,529,712</u>	<u>\$ 405,978</u>

The College has no long-term agreements as a lessor as of June 30, 2023 or June 30, 2022.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

The College is involved in forty-six agreements as a subscriber that qualify as long-term subscription-based information technology ("SBITA") agreements. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use subscription assets as the College has the control of the right to use another party's IT software and the noncancelable term of the agreement surpasses one year. The present values are discounted using an interest rate of between 0.185% and 3.238% based on the estimated borrowing rate of the College at the time the subscription commenced.

Remaining Term of Agreements

Asset Type

Subscription assets 1 -4 years

Detailed information regarding the assets acquired through June 30, 2023 can be referenced in Note 4 Capital Assets.

The net present value of future minimum payments as of June 30, 2023, were as follows:

Year Ended June 30	Principal	Interest
2024	\$ 1,856,722	\$ 44,118
2025	762,573	24,449
2026	361,197	8,823
2027	55,778	322
Total	<u>\$ 3,036,270</u>	<u>\$ 77,712</u>

For fiscal year ended June 30, 2023 and 2022, total interest charged to expense for subscription-based agreement obligations was \$11,319 and \$4,269, respectively.

Subscription liability activity for the year ended June 30, 2023, was as follows:

Subscription Liability	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Subscriptions Payable	<u>\$ 3,290,385</u>	<u>\$ 2,024,422</u>	<u>\$ 2,278,537</u>	<u>\$ 3,036,270</u>	<u>\$ 1,856,722</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Subscription liability activity for the year ended June 30, 2022, was as follows:

Subscription Liability	Beginning Balance*	Additions	Reductions	Ending Balance	Due Within One Year
Subscriptions Payable	\$ 4,936,066	\$ -	\$ 1,645,681	\$ 3,290,385	\$1,623,059

* The College implemented the provisions of GASB Statement No.96, *Subscription-Based Information Technology Arrangements* as of July 1, 2021. In accordance with this Statement, subscription assets have been added to the beginning balances shown in footnote 4 Capital Assets, and a corresponding subscription payable has been recorded for the same amount as of July 1, 2021.

11. NET INVESTMENT IN CAPITAL ASSETS

The composition of the College's net investment in capital assets at June 30 was as follows:

	2023	2022
Capital assets:		
Capital assets not being depreciated	\$ 15,448,821	\$ 47,973,177
Capital assets being depreciated, net	214,592,398	167,281,973
Total capital assets	230,041,219	215,255,150
Related debt:		
Lease and subscription liabilities	4,453,524	4,820,097
Bonds payable	84,700,000	89,725,000
Bond premium	8,322,880	8,727,706
Less: Unexpended bond proceeds	-	(15,063,110)
Less: Deferred charge on bond refunding	(1,636,952)	(1,818,836)
Total related debt	95,839,452	86,390,856
Net investment in capital assets	\$ 134,201,767	\$ 128,864,293

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

12. UNRESTRICTED NET DEFICIT

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

Unrestricted Net Deficit	2023	2022
Auxiliary activities	\$ 1,399,895	\$ 1,869,237
Encumbrances	341,224	487,146
Plant improvements	25,282,973	30,192,559
Pension and OPEB liabilities fund deficit	(168,815,334)	(177,839,534)
Board of Trustees designated purposes	8,013,950	6,735,872
Undesignated	38,677,983	34,277,745
Total unrestricted net deficit	\$ (95,099,309)	\$ (104,276,975)

13. 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.

14. 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.

The College experienced a cybersecurity incident in March 2023. The College partnered with a third-party firm to investigate the incident. Following the investigation, the College determined that some personal information belonging to current and former students, employees and vendors, may have been impacted by this incident. There was no indication this information was exfiltrated from the

LANSING COMMUNITY COLLEGE

■ NOTES TO FINANCIAL STATEMENTS

College's data base or has been misused. As a precaution, the College provided notice of the incident to affected U.S. residents and regulators with the offer of complimentary credit monitoring services and to detail steps that can and should be taken to protect against scams and identity theft. The College is working with counsel to provide similar notices to individuals residing outside of the United States as well as foreign regulators. The possible liability to the College for these remedial actions as of June 30, 2023 are estimated at \$850 thousand. There is ongoing discussion with the insurance company on what will be covered for this incident.

■ 15. RISK AND ECONOMIC UNCERTAINTIES

In response to the pandemic, the College was allocated funding from the Higher Education Emergency Relief Fund ("HEERF") in the amount of \$37.8 million for student emergency grants and institutional funding through the three federal stimulus packages passed in March 2020, December 2020, and March 2021. During the year ended June 30, 2022, the College awarded \$12.3 million to students from the student and institutional emergency grants, and incurred an additional \$3.7 million in costs eligible under the institutional grant. During the year ended June 30, 2023, the College used the remaining HEERF funds from the institutional grant in the amount of \$6.9 million in costs eligible under the institutional grant. The resulting impact from the pandemic on the economy continues to affect the College's operational and financial performance as it has altered how the College teaches and works.

■ 16. RELATED PARTY TRANSACTIONS

Other than the transactions between the College and Foundation presented in the accompanying statements of net position and as described in the Reporting Entity section of Note 1, the College did not have any other related party transactions or related receivables or payables as of and for the years ended June 30, 2023 and 2022. As of June 30, 2022, there was a check in transit for reimbursement of expenses in the amount of \$12,406 from the Foundation to the College.



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LANSING COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

MPSERS Cost-Sharing Multiple Employer Plan

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

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	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	\$172,006,584	\$117,177,936	\$176,522,247	\$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	0.45736%	0.49494%	0.51388%	0.53686%	0.54546%	0.54747%	0.55877%	0.55093%	0.55930%
College's covered payroll	44,757,113	43,246,728	44,594,537	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	384.31%	270.95%	395.84%	385.71%	351.53%	309.15%	298.12%	295.65%	233.19%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	72.60%	59.72%	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

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

	Year Ended June 30, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	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	\$ 20,644,161	\$ 15,489,424	\$ 14,864,047	\$ 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	(20,644,161)	(15,489,424)	(14,864,047)	(15,350,591)	(14,371,191)	(15,209,331)	(13,710,723)	(11,176,120)	(14,585,927)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 45,757,672	\$ 45,175,984	\$ 43,408,900	\$ 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	45.12%	34.29%	34.24%	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, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
College's proportionate share of the net OPEB liability	\$ 9,674,482	\$ 7,234,259	\$ 26,773,639	\$ 37,657,910	\$ 43,350,196	\$ 48,713,989
College's proportion of the net OPEB liability	0.45676%	0.47395%	0.49976%	0.52465%	0.54536%	0.55010%
College's covered payroll	44,757,113	43,246,728	44,594,537	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	21.62%	16.73%	60.04%	81.70%	92.93%	106.15%
Plan fiduciary net position as a percentage of the total OPEB liability	83.09%	87.33%	59.44%	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, 2023	Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
Statutorily required contributions	\$ 3,775,314	\$ 3,893,991	\$ 3,706,977	\$ 3,826,617	\$ 3,835,528	\$ 3,508,061
Contributions in relation to the statutorily required contributions	<u>(3,775,314)</u>	<u>(3,893,991)</u>	<u>(3,706,977)</u>	<u>(3,826,617)</u>	<u>(3,835,528)</u>	<u>(3,508,061)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 45,757,672	\$ 45,175,984	\$ 43,408,900	\$ 45,511,835	\$ 46,579,321	\$ 47,024,894
Contributions as a percentage of covered payroll	8.25%	8.62%	8.54%	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:

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 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:

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.

LANSING COMMUNITY COLLEGE

■ NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 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 annual comprehensive 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 annual comprehensive 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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OPERATING REVENUES										
Tuition and fees (net of scholarships allowances)	\$ 28,244,619	\$ 31,956,596	\$ 30,203,838	\$ 30,728,261	\$ 30,611,199	\$ 31,112,089	\$ 30,405,367	\$ 27,216,821	\$ 27,560,464	\$ 28,554,591
Federal grants and contracts	2,330,319	2,374,523	1,973,859	2,267,357	2,131,800	2,413,388	3,352,561	3,555,172	4,194,022	3,508,779
State grants and contracts (2)(3)	1,123,058	884,092	1,896,795	2,070,538	2,076,078	2,149,369	2,039,964	1,989,818	1,709,876	1,202,810
Local grants and contracts (2)	5,218,227	5,153,858	5,681,392	6,178,030	5,388,047	4,618,048	3,243,550	3,372,026	3,316,514	2,842,918
Sales and services of educational activities	-	2,097	73	54,123	12,494	12,170	22,323	153,547	280,068	401,923
Sales and services of auxiliary activities	647,208	132,919	7,177	623,643	407,136	136,280	1,280,918	1,200,923	158,246	1,701,672
Job Training Programs	336,677	372,719	84,894	214,296	313,051	213,399	408,793	1,145,395	369,171	484,437
Miscellaneous (2)	1,054,683	1,045,069	807,036	1,005,797	4,076,182	1,973,231	3,184,834	2,888,170	2,668,037	1,451,163
Total operating revenues	<u>38,954,791</u>	<u>41,921,873</u>	<u>40,655,064</u>	<u>43,142,045</u>	<u>45,015,987</u>	<u>42,627,974</u>	<u>43,938,373</u>	<u>41,521,872</u>	<u>40,256,398</u>	<u>40,148,293</u>
OPERATING EXPENSES										
Instruction (2)	27,760,429	27,509,741	33,160,622	37,459,754	37,541,664	37,305,679	36,462,526	47,019,899	45,539,843	47,495,410
Information technology (1)(4)	11,550,898	10,544,583	11,381,058	13,574,193	12,727,743	12,258,907	10,434,438	-	-	-
Public services (2)	1,737,936	1,756,209	2,655,040	2,560,771	2,567,157	2,754,459	2,703,721	1,911,608	2,015,322	2,162,257
Instructional support (2)	15,801,341	14,722,151	17,138,188	20,207,931	18,307,771	16,502,356	17,547,370	26,570,255	23,323,896	21,917,746
Student services (2)	15,863,662	26,674,948	22,057,563	17,222,229	14,499,277	17,352,582	11,782,303	13,322,729	15,240,309	17,926,228
Institutional administration (2)(3)	25,765,429	19,878,823	20,723,534	20,920,319	19,954,545	19,835,166	20,265,334	20,696,479	18,125,659	16,630,435
Operation and maintenance of plant (2)(3)	15,061,929	10,661,433	14,712,040	18,963,328	17,269,139	16,044,964	15,925,694	18,600,704	18,489,746	17,033,486
Depreciation and amortization (3)(4)	12,289,152	11,872,616	10,350,743	10,380,616	10,504,034	10,090,635	8,643,040	7,834,826	7,262,393	6,978,813
Total operating expenses	<u>125,830,776</u>	<u>123,620,504</u>	<u>132,178,788</u>	<u>141,289,141</u>	<u>133,371,330</u>	<u>132,144,748</u>	<u>123,764,426</u>	<u>135,956,500</u>	<u>129,997,168</u>	<u>130,144,375</u>
Operating loss	<u>(86,875,985)</u>	<u>(81,698,631)</u>	<u>(91,523,724)</u>	<u>(98,147,096)</u>	<u>(88,355,343)</u>	<u>(89,516,774)</u>	<u>(79,826,053)</u>	<u>(94,434,628)</u>	<u>(89,740,770)</u>	<u>(89,996,082)</u>
NONOPERATING REVENUES (EXPENSES)										
State appropriations	36,381,429	36,377,586	34,775,424	29,950,889	33,884,167	33,759,671	33,317,442	33,761,131	35,344,860	32,824,815
Property tax levy	48,618,027	46,328,235	44,956,559	43,781,074	42,298,367	40,983,811	39,910,486	39,207,101	37,390,260	36,718,154
Pell Grant revenue	10,819,567	10,888,958	10,693,117	13,208,069	13,267,697	16,461,261	15,980,057	18,705,818	22,505,731	26,380,689
Federal nonoperating grants - CARES/HEERF	6,870,966	16,038,737	16,749,041	1,775,621	-	-	-	-	-	-
Investment return and other gains (losses)	2,040,154	288,473	(724,860)	2,039,284	900,682	498,034	178,180	156,030	139,381	177,187
Interest on capital asset - related debt	(3,278,290)	(3,525,028)	(4,119,115)	(3,759,395)	(2,753,687)	(2,624,545)	(2,747,508)	(3,579,459)	(3,396,095)	(3,627,164)
Net nonoperating revenues	<u>101,451,853</u>	<u>106,396,961</u>	<u>102,330,166</u>	<u>86,995,542</u>	<u>87,597,226</u>	<u>89,078,232</u>	<u>86,638,657</u>	<u>88,250,621</u>	<u>91,984,137</u>	<u>92,473,681</u>
Change in net position before other revenues	<u>14,575,868</u>	<u>24,698,330</u>	<u>10,806,442</u>	<u>(11,151,554)</u>	<u>(758,116)</u>	<u>(438,542)</u>	<u>6,812,604</u>	<u>(6,184,007)</u>	<u>2,243,367</u>	<u>2,477,599</u>
OTHER REVENUES										
State capital appropriations	-	-	-	-	-	-	-	-	-	9,366,050
State capital grants	-	-	-	-	-	599,701	4,400,299	-	-	-
Capital gifts	-	101,947	220,000	-	-	-	202,518	142,896	-	50,000
Total other revenues	<u>-</u>	<u>101,947</u>	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>599,701</u>	<u>4,602,817</u>	<u>142,896</u>	<u>-</u>	<u>9,416,050</u>
Total change in net position	<u>14,575,868</u>	<u>24,800,277</u>	<u>11,026,442</u>	<u>(11,151,554)</u>	<u>(758,116)</u>	<u>161,159</u>	<u>11,415,421</u>	<u>(6,041,111)</u>	<u>2,243,367</u>	<u>11,893,649</u>
NET POSITION (DEFICIT), beginning of year	24,817,300	17,023	(11,009,419)	142,135	900,251	48,107,556	36,692,135	42,733,246	160,769,992	148,876,343
Implementation of GASB 68	-	-	-	-	-	-	-	-	(120,280,113)	-
Implementation of GASB 75	-	-	-	-	-	(47,368,464)	-	-	-	-
NET POSITION (DEFICIT), beginning of year	24,817,300	17,023	(11,009,419)	142,135	900,251	739,092	36,692,135	42,733,246	40,489,879	148,876,343
NET POSITION (DEFICIT), end of year	\$ 39,393,168	\$ 24,817,300	\$ 17,023	\$ (11,009,419)	\$ 142,135	\$ 900,251	\$ 48,107,556	\$ 36,692,135	\$ 42,733,246	\$ 160,769,992

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

(1) 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.

(2) 2016 amounts reclassified to conform with the 2017 presentation.

(3) 2021 amounts restated to account for changes to the restricted fund and presentation of GASB 87.

(4) 2022 amounts restated to account for changes to the presentation of GASB 96.

LANSING COMMUNITY COLLEGE

FINANCIAL TRENDS

Net Position by Components

Last Ten Fiscal Years

(Unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Position										
Net investment in capital assets	\$ 134,201,767	\$ 128,864,293	\$ 125,297,760	\$ 127,533,232	\$ 130,783,094	\$ 135,187,005	\$ 132,962,327	\$ 126,365,209	\$ 119,409,027	\$ 115,441,982
Restricted for:										
Restricted fund activities	290,710	229,982	221,826	143,914	246,003	199,611	7,917	-	152,940	-
Unrestricted	<u>(95,099,309)</u>	<u>(104,276,975)</u>	<u>(125,502,563)</u>	<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>
Total Net Position (Deficit)	<u>\$ 39,393,168</u>	<u>\$ 24,817,300</u>	<u>\$ 17,023</u>	<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>

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

LANSING COMMUNITY COLLEGE
REVENUE CAPACITY
Major Taxpayers
2023 Levy Year vs. 2014 Levy Year
(Unaudited)

2023 Levy Year				2014 Levy Year					
2023 Taxpayer	Type of Business	2023 Taxable Valuation	Rank (1)	Percentage of Total College District Taxable Valuation (\$13,529,224,490)	2014 Taxpayer	Type of Business	2014 Taxable Valuation	Rank (1)	Percentage of Total College District Taxable Valuation (\$9,989,851,902)
Consumers Energy	Utility	\$230,170,078	1	1.70%	Consumers Energy	Utility	\$93,005,962	1	0.93%
Enbridge Energy LP	Oil & Gas Delivery/Storage	177,925,033	2	1.32%	Dart Container Corporation	Packaging Products	47,806,203	2	0.48%
Dart Container of Michigan	Packaging Products	82,225,400	3	0.61%	Meridian Mall LTD Partnership	Shopping Mall	28,528,100	3	0.29%
Jackson National Life	Insurance	64,278,600	4	0.48%	General Motors LLC	Automotive	28,055,881	4	0.28%
Eyde L & G	Property Management	38,054,300	5	0.28%	Retail Properties of America, Inc.	Retail Property Management	26,924,000	5	0.27%
CASL Landmark/Albert/Newman	Property Management	34,050,600	6	0.25%	Jackson National Life	Insurance	25,636,971	6	0.26%
Accident Fund Ins Co of America	Insurance	33,724,300	7	0.25%	Sprint Spectrum L P	Communication	15,414,225	7	0.15%
Retail Properties of America, Inc.	Retail Property Management	31,919,300	8	0.24%	East Lansing I LLC	Property Management	14,650,552	8	0.15%
Core Campus LLC	Property Management	31,431,300	9	0.23%	Meijer Thrifty Acres	Retail	14,008,662	9	0.14%
Lansing Properties LLC	Property Management	26,009,500	10	0.19%	Gestamp Mason LLC	Metal Heat Treating	13,163,230	10	0.13%

Source: Ingham County Assessor, Ingham.org

(1) 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
2023	\$ 13,529,224,490	3.7692	\$50,994,353	\$ 48,054,336	5.77%
2022		3.7692	48,274,916	45,946,764	4.82%
2021		3.7777		44,587,201	4.17%
2020	12,807,735,430	3.8072		43,275,558	3.89%
2019	11,392,083,246	3.8072	46,528,042	43,371,939	3.37%
2018	12,316,500,113	3.8072	45,026,318	41,908,334	2.47%
2017	10,963,548,011	3.8072	40,412,289	40,709,394	4.78%
2016	11,826,622,757	3.8072	39,791,082	38,482,235	2.90%
2015	10,614,700,749	3.8072	38,574,067	38,639,111	3.40%
2014	10,131,872,904	3.8072	38,033,364	37,264,108	3.62%
2014	9,989,851,902	3.8072		36,654,758	3.62%

(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>
2023	\$ 50,994,353	\$ 48,054,336	94.23%	---	\$ 48,054,336	94.23%
2022	48,274,916	45,946,764	95.18%	\$ 626,946	46,573,710	96.48%
2021	46,528,042	44,587,201	95.83%	649,865	45,237,066	97.23%
2020	45,026,318	43,275,558	96.11%	551,581	43,827,139	97.34%
2019	43,371,939	41,908,334	96.63%	573,813	42,482,147	97.95%
2018	41,740,420	40,709,394	97.53%	462,034	41,171,428	98.64%
2017	40,412,289	38,482,235	95.22%	1,318,115	39,800,350	98.49%
2016	39,791,082	38,639,111	97.10%	497,779	39,136,890	98.36%
2015	38,574,067	37,264,108	96.60%	985,939	38,250,047	99.16%
2014	38,033,364	36,654,758	96.38%	332,824	36,987,582	97.25%

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)	Leases Payable (2)	Subscription-Based IT Agreements Payable (3)	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)
2023	\$ 13,529,224,490	\$ 16,560,744,268	\$ 2,484,111,640	\$ 93,022,880	\$ -	\$ 1,417,254	\$ 3,036,270	\$ 97,476,404	\$ 2,386,635,236	\$ 166,857,443	\$ 69,381,039	---
2022	12,807,735,430	15,639,047,683	2,345,857,152	98,452,706	-	1,529,712	3,290,385	103,272,803	2,242,584,349	157,640,477	54,367,674	263
2021	12,316,500,113	14,897,211,981	2,234,581,797	107,159,863	-	1,936,247	-	109,096,110	2,125,485,687	150,222,120	41,126,010	278
2020	11,826,622,757	14,035,518,728	2,105,327,809	112,287,173	-	-	-	112,287,173	1,993,040,636	141,605,187	29,318,014	285
2019	11,392,083,246	13,113,220,698	1,966,983,105	72,656,166	-	-	-	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	-	-	-	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	-	-	-	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	-	-	-	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	-	-	-	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

(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) Implementation of GASB 87, Leases effective July 1, 2020.

(3) Implementation of GASB 96, Leases effective July 1, 2021.

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>
2023	----	----	----	4.30%
2022	393,100	----	----	4.70%
2021	392,978	\$ 19,618,474	\$ 50,176	5.50%
2020	394,075	18,286,671	46,182	11.20%
2019	402,674	16,854,052	42,326	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%

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
 2023 Employers vs. 2014 Employers
 (Unaudited)

2023 (1)					2014 (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	13,880	3.53%	State of Michigan	Government	1	13,700	3.51%
Michigan State University	Higher Education	2	10,253	2.61%	Michigan State University	Higher Education	2	11,100	2.84%
Sparrow Health System	Health Care	3	9,000	2.29%	Sparrow Health System	Health Care	3	5,735	1.47%
General Motors Corporation	Automotive	4	4,274	1.09%	General Motors Corporation	Automotive	4	5,222	1.34%
McLaren Health	Health Care	5	3,000	0.76%	Lansing Community College	Higher Education	5	2,990	0.77%
Auto Owners Insurance	Insurance	6	2,720	0.69%	Meijer Inc	Retail	6	2,900	0.74%
Jackson National Life	Insurance	7	2,439	0.62%	Ingham Regional Medical Center	Health Care	7	2,400	0.61%
Peckham Industries	Textiles, Auto parts	8	2,200	0.56%	Lansing School District	Education	8	1,613	0.41%
Lansing Community College	Higher Education	9	1,957	0.50%	Auto Owners Insurance	Insurance	9	1,400	0.36%
Lansing School District	K-12 Education	10	1,082	0.28%	Jackson National Life	Insurance	10	1,393	0.36%

Source:

(1) Lansing Economic Area Partnership, Top Employers Demographic (LEAP)

(2) LCC FY2014 Annual Comprehensive Financial Report source Ingham County December 31, 2013 Annual Comprehensive Financial Report

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

Facilities Data	2023 (1)	2022	2021	2020	2019	2018	2017	2016	2015	2014
Size of campus (acres)	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00	96.00
Square footage of gross building space (2)	2,129,968	1,894,412	1,894,412	1,894,412	1,894,412	1,895,612	1,883,612	1,883,612	1,883,612	1,873,640
Number of classrooms	127	127	127	123	123	136	136	136	136	136
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: LCC Five Year Capital Outlay Plan

(1) FY23 Capital Outlay Plan submitted to the state October 2022

(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>
2023 (3)	----	----	----	----	----	\$ 114	\$ 228	\$ 342	----	----
2022	6,779	17,712	64,463	16.2	203,291	114	228	342	\$ 6,212	\$ 42,112,512
2021	7,029	17,121	64,593	17.4	210,795	111	222	333	6,190	43,512,395
2020	7,701	20,155	74,631	17.6	230,952	108	216	324	5,867	45,183,978
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

Source: Fiscal Year's 2023 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, 2023 is due November 1, 2023, 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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
ADMINISTRATOR FTE:	185	183	172	228	223	198	169	162	163	224
Full-Time	182	181	170	224	219	194	164	156	156	200
Part-Time	8	7	7	11	12	11	16	17	22	72
Calculated Part-Time FTE (1)	3	2	2	4	4	4	5	6	7	24
FACULTY FTE:	416	475	480	588	641	626	645	647	697	725
Full-Time	185	183	182	202	202	191	190	179	189	184
Part-Time	692	876	893	1,157	1,317	1,305	1,364	1,404	1,524	1,624
Calculated Part-Time FTE (1)	231	292	298	386	439	435	455	468	508	541
SUPPORT FTE:	395	387	406	284	279	286	287	270	260	204
Full-Time	289	276	284	226	223	235	229	212	204	150
Part-Time	317	334	365	174	169	154	173	175	168	163
Calculated Part-Time FTE (1)	106	111	122	58	56	51	58	58	56	54
Actual total employees reported	1,673	1,857	1,901	1,994	2,142	2,090	2,136	2,143	2,263	2,393
TOTAL FTE (1)	995	1,046	1,058	1,099	1,143	1,110	1,101	1,079	1,120	1,153

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.

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Special Reports Section

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LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION (Unaudited)
JUNE 30, 2023

	Combined Total	General Funds	Pension and OPEB Liabilities Fund	Designated Funds	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
Assets								
Current assets								
Cash and cash equivalents	\$ 7,793,245	\$ 7,793,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Short-term investments	69,612,685	69,612,685	-	-	-	-	-	-
Property taxes receivable, net	921,386	921,386	-	-	-	-	-	-
State appropriations receivable	7,800,914	6,443,488	-	-	-	1,357,426	-	-
Accounts receivable, net	1,886,919	1,817,541	-	-	69,378	-	-	-
Federal and state grants receivable	2,100,988	-	-	-	-	2,100,988	-	-
Prepaid expenses and other assets	2,328,855	2,207,495	-	17,547	9,102	-	94,711	-
Due from (due to) other funds	-	(37,011,774)	-	7,996,403	1,591,712	339,406	26,398,819	685,434
Due from component unit	17,419	-	-	-	-	17,419	-	-
Total current assets	92,462,411	51,784,066	-	8,013,950	1,670,192	3,815,239	26,493,530	685,434
Noncurrent assets								
Capital assets not being depreciated	15,448,821	-	-	-	-	-	15,448,821	-
Capital assets being depreciated, net	214,592,398	-	-	-	-	-	214,592,398	-
Total noncurrent assets	230,041,219	-	-	-	-	-	230,041,219	-
Total assets	322,503,630	51,784,066	-	8,013,950	1,670,192	3,815,239	256,534,749	685,434
Deferred outflows of resources								
Deferred charge on bond refunding	1,636,952	-	-	-	-	-	1,636,952	-
Deferred pension and OPEB amounts	62,959,003	-	62,959,003	-	-	-	-	-
Total deferred outflows of resources	64,595,955	-	62,959,003	-	-	-	1,636,952	-
Liabilities								
Current liabilities								
Accounts payable	4,079,625	1,737,925	-	-	218,893	1,435,069	687,294	444
Accrued payroll and other compensation	6,533,142	5,848,152	-	-	-	-	-	684,990
Accrued vacation	2,420,592	2,420,592	-	-	-	-	-	-
Accrued interest payable	523,263	-	-	-	-	-	523,263	-
Unearned revenue	4,899,054	2,758,190	-	-	51,404	2,089,460	-	-
Current portion of subscription obligations	1,856,722	-	-	-	-	-	1,856,722	-
Current portion of lease obligations	678,425	-	-	-	-	-	678,425	-
Current portion of debt obligations	5,150,000	-	-	-	-	-	5,150,000	-
Total current liabilities	26,140,823	12,764,859	-	-	270,297	3,524,529	8,895,704	685,434
Noncurrent liabilities								
Long-term subscription obligations, net of current portion	1,179,548	-	-	-	-	-	1,179,548	-
Long-term lease obligations, net of current portion	738,829	-	-	-	-	-	738,829	-
Long-term debt obligations, net of current portion	87,872,880	-	-	-	-	-	87,872,880	-
Net pension liability	172,006,584	-	172,006,584	-	-	-	-	-
Net other postemployment benefits liability	9,674,482	-	9,674,482	-	-	-	-	-
Total noncurrent liabilities	271,472,323	-	181,681,066	-	-	-	89,791,257	-
Total liabilities	297,613,146	12,764,859	181,681,066	-	270,297	3,524,529	98,686,961	685,434
Deferred inflows of resources								
Deferred pension and OPEB amounts	50,093,271	-	50,093,271	-	-	-	-	-
Net position (deficit)								
Net investment in capital assets	134,201,767	-	-	-	-	-	134,201,767	-
Restricted:								
Restricted fund activities	290,710	-	-	-	-	290,710	-	-
Unrestricted (deficit)	(95,099,309)	39,019,207	(168,815,334)	8,013,950	1,399,895	-	25,282,973	-
Total net position (deficit)	\$ 39,393,168	\$ 39,019,207	\$ (168,815,334)	\$ 8,013,950	\$ 1,399,895	\$ 290,710	\$ 159,484,740	\$ -

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION (Unaudited)
JUNE 30, 2022

	Combined Total	General Funds	Pension and OPEB Liabilities Fund	Designated Funds	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
Assets								
Current assets								
Cash and cash equivalents	\$ 15,193,993	\$ 15,193,993	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Short-term investments	64,247,685	64,247,685	-	-	-	-	-	-
Property taxes receivable, net	804,116	804,116	-	-	-	-	-	-
State appropriations receivable	7,548,152	6,246,416	-	-	-	1,301,736	-	-
Accounts receivable, net	1,707,239	1,670,785	-	-	36,454	-	-	-
Federal and state grants receivable	3,216,088	-	-	-	-	3,216,088	-	-
Prepaid expenses and other assets	2,320,230	2,174,118	-	-	5,402	-	140,710	-
Due from (due to) other funds	-	(43,181,743)	-	6,735,872	1,944,713	(1,344,911)	34,733,253	1,112,816
Due from component unit	26,583	-	-	-	-	26,583	-	-
Total current assets	95,064,086	47,155,370	-	6,735,872	1,986,569	3,199,496	34,873,963	1,112,816
Noncurrent assets								
Restricted short-term investments - unspent bond proceeds	15,063,110	-	-	-	-	-	15,063,110	-
Capital assets not being depreciated	47,973,177	-	-	-	-	-	47,973,177	-
Capital assets being depreciated, net	167,281,973	-	-	-	-	-	167,281,973	-
Total noncurrent assets	230,318,260	-	-	-	-	-	230,318,260	-
Total assets	325,382,346	47,155,370	-	6,735,872	1,986,569	3,199,496	261,901,838	1,112,816
Deferred outflows of resources								
Deferred charge on bond refunding	1,818,836	-	-	-	-	-	1,818,836	-
Deferred pension and OPEB amounts	32,081,158	-	32,081,158	-	-	-	-	-
Total deferred outflows of resources	33,899,994	-	32,081,158	-	-	-	1,818,836	-
Liabilities								
Current liabilities								
Accounts payable	6,642,007	851,883	-	-	81,705	1,370,783	4,137,236	200,400
Accrued payroll and other compensation	7,531,467	6,619,051	-	-	-	-	-	912,416
Accrued vacation	2,284,992	2,284,992	-	-	-	-	-	-
Accrued interest payable	544,168	-	-	-	-	-	544,168	-
Unearned revenue	4,268,911	2,634,553	-	-	35,627	1,598,731	-	-
Current portion of subscription obligations	1,623,059	-	-	-	-	-	1,623,059	-
Current portion of lease obligations	405,978	-	-	-	-	-	405,978	-
Current portion of debt obligations	5,025,000	-	-	-	-	-	5,025,000	-
Total current liabilities	28,325,582	12,390,479	-	-	117,332	2,969,514	10,112,382	1,112,816
Noncurrent liabilities								
Long-term subscription obligations, net of current portion	1,667,326	-	-	-	-	-	1,667,326	-
Long-term lease obligations, net of current portion	1,123,734	-	-	-	-	-	1,123,734	-
Long-term debt obligations, net of current portion	93,427,706	-	-	-	-	-	93,427,706	-
Net pension liability	117,177,936	-	117,177,936	-	-	-	-	-
Net other postemployment benefits liability	7,234,259	-	7,234,259	-	-	-	-	-
Total noncurrent liabilities	220,630,961	-	124,412,195	-	-	-	96,218,766	-
Total liabilities	248,956,543	12,390,479	124,412,195	-	117,332	2,969,514	104,663,822	1,112,816
Deferred inflows of resources								
Deferred pension and OPEB amounts	85,508,497	-	85,508,497	-	-	-	-	-
Net position (deficit)								
Net investment in capital assets	128,864,293	-	-	-	-	-	128,864,293	-
Restricted:								
Restricted fund activities	229,982	-	-	-	-	229,982	-	-
Unrestricted (deficit)	(104,276,975)	34,764,891	(177,839,534)	6,735,872	1,869,237	-	30,192,559	-
Total net position (deficit)	\$ 24,817,300	\$ 34,764,891	\$ (177,839,534)	\$ 6,735,872	\$ 1,869,237	\$ 229,982	\$ 159,056,852	\$ -

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (Unaudited)
YEAR ENDED JUNE 30, 2023

	Combined Total	Eliminations	General Funds	Pension and OPEB Liabilities Fund	Designated Funds	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues								
Tuition and fees (net of scholarship allowances of \$11,820,183)	\$ 28,244,619	\$ (11,820,183)	\$ 38,150,691	\$ -	\$ -	\$ 998,217	\$ -	\$ 915,894
Federal grants and contracts	2,330,319	-	-	-	-	-	2,330,319	-
State grants and contracts	1,123,058	-	-	-	-	-	1,123,058	-
Local grants and contracts	5,218,227	-	2,660,494	-	-	-	2,557,733	-
Sales and services of educational activities	-	-	-	-	-	-	-	-
Sales and services of auxiliary activities	647,208	-	2,243	-	-	634,949	-	10,016
Job Training Programs	336,677	-	-	-	-	-	336,677	-
Miscellaneous	1,054,683	-	891,577	-	-	46,066	-	117,040
Total operating revenues	38,954,791	(11,820,183)	41,705,005	-	-	1,679,232	6,347,787	1,042,950
Operating expenses								
Instruction	27,760,429	-	35,355,279	(8,245,196)	-	12,174	638,172	-
Information technology	11,550,898	-	10,431,441	(1,626,022)	508,407	146,963	29,910	2,060,199
Public services	1,737,936	-	1,182,749	(358,331)	-	34,253	879,265	-
Instructional support	15,801,341	-	19,549,924	(4,494,880)	131,774	2,560	611,963	-
Student services	15,863,662	(11,820,183)	15,111,752	(2,854,661)	184,999	17,808	15,223,947	-
Institutional administration	25,765,429	-	15,331,380	(2,400,054)	-	512,045	12,322,058	-
Operation and maintenance of plant	15,061,929	-	11,417,136	(1,125,851)	-	920,112	4,769	3,845,763
Depreciation and amortization	12,289,152	-	-	-	-	-	-	12,289,152
Total operating expenses	125,830,776	(11,820,183)	108,379,661	(21,104,995)	825,180	1,645,915	29,710,084	18,195,114
Operating (loss) income	(86,875,985)	-	(66,674,656)	21,104,995	(825,180)	33,317	(23,362,297)	(17,152,164)
Nonoperating revenues (expenses)								
State appropriations	36,381,429	-	36,381,429	(12,080,795)	-	-	12,080,795	-
Property tax levy	48,618,027	-	48,618,027	-	-	-	-	-
Pell Grant revenue	10,819,567	-	-	-	-	-	10,819,567	-
Federal nonoperating grants - HEERF	6,870,966	-	-	-	-	-	6,870,966	-
Investment return and other gains	2,040,154	-	1,881,570	-	-	-	-	158,584
Interest on capital asset - related debt	(3,278,290)	-	-	-	-	-	-	(3,278,290)
Net nonoperating revenues (expenses)	101,451,853	-	86,881,026	(12,080,795)	-	-	29,771,328	(3,119,706)
Other revenues								
Capital gifts	-	-	-	-	-	-	-	-
Increase (decrease) in net position	14,575,868	-	20,206,370	9,024,200	(825,180)	33,317	6,409,031	(20,271,870)
Transfers (out) in	-	-	(15,952,054)	-	2,103,258	(502,659)	(6,348,303)	20,699,758
Change in net position	14,575,868	-	4,254,316	9,024,200	1,278,078	(469,342)	60,728	427,888
Net position (deficit), beginning of year	24,817,300	-	34,764,891	(177,839,534)	6,735,872	1,869,237	229,982	159,056,852
Net position (deficit), end of year	\$ 39,393,168	\$ -	\$ 39,019,207	\$ (168,815,334)	\$ 8,013,950	\$ 1,399,895	\$ 290,710	\$ 159,484,740

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (Unaudited)
YEAR ENDED JUNE 30, 2022

	Combined Total	Eliminations	General Funds	Pension and OPEB Liabilities Fund	Designated Funds	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues								
Tuition and fees (net of scholarship allowances of \$12,031,942)	\$ 31,956,596	\$ (12,031,942)	\$ 42,115,877	\$ -	\$ (3,365)	\$ 1,034,885	\$ -	\$ 841,141
Federal grants and contracts	2,374,523	-	-	-	-	-	2,374,523	-
State grants and contracts	884,092	-	-	-	-	-	884,092	-
Local grants and contracts	5,153,858	-	2,485,462	-	-	-	2,668,396	-
Sales and services of educational activities	2,097	-	2,097	-	-	-	-	-
Sales and services of auxiliary activities	132,919	-	-	-	-	128,710	-	4,209
Job Training Programs	372,719	-	-	-	-	-	372,719	-
Miscellaneous	1,045,069	-	858,933	-	-	58,101	-	128,035
Total operating revenues	41,921,873	(12,031,942)	45,462,369	-	(3,365)	1,221,696	6,299,730	973,385
Operating expenses								
Instruction	27,509,741	-	35,558,476	(8,700,993)	-	-	652,258	-
Information technology	10,544,583	-	10,473,958	(1,628,698)	57,960	117,362	385,359	1,138,642
Public services	1,756,209	-	930,791	(367,017)	-	3,727	1,188,708	-
Instructional support	14,722,151	-	18,472,902	(4,492,121)	23,017	270	718,083	-
Student services	26,674,948	(12,031,942)	14,520,132	(3,015,124)	2,812	-	27,199,070	-
Institutional administration	19,878,823	-	14,642,333	(2,371,388)	-	327,909	7,279,969	-
Operation and maintenance of plant	10,661,433	-	11,910,226	(1,154,823)	-	634,087	382,776	(1,110,833)
Depreciation and amortization	11,872,616	-	-	-	-	-	-	11,872,616
Total operating expenses	123,620,504	(12,031,942)	108,154,499	(21,730,164)	83,789	1,083,355	37,806,223	10,254,744
Operating (loss) income	(81,698,631)	-	(62,692,130)	21,730,164	(87,154)	138,341	(31,506,493)	(9,281,359)
Nonoperating revenues (expenses)								
State appropriations	36,377,586	-	36,377,586	(7,159,551)	-	-	7,159,551	-
Property tax levy	46,328,235	-	46,328,235	-	-	-	-	-
Pell Grant revenue	10,888,958	-	-	-	-	-	10,888,958	-
Federal nonoperating grants - HEERF	16,038,737	-	-	-	-	-	16,038,737	-
Investment return and other gains	288,473	-	149,817	-	-	-	-	138,656
Interest on capital asset - related debt	(3,525,028)	-	-	-	-	-	-	(3,525,028)
Net nonoperating revenues (expenses)	106,396,961	-	82,855,638	(7,159,551)	-	-	34,087,246	(3,386,372)
Other revenues								
Capital gifts	101,947	-	101,947	-	-	-	-	-
Increase (decrease) in net position	24,800,277	-	20,265,455	14,570,613	(87,154)	138,341	2,580,753	(12,667,731)
Transfers (out) in	-	-	(13,342,303)	-	212,488	(368,899)	(2,572,597)	16,071,311
Change in net position	24,800,277	-	6,923,152	14,570,613	125,334	(230,558)	8,156	3,403,580
Net position (deficit), beginning of year	17,023	-	27,841,739	(192,410,147)	6,610,538	2,099,795	221,826	155,653,272
Net position (deficit), end of year	\$ 24,817,300	\$ -	\$ 34,764,891	\$ (177,839,534)	\$ 6,735,872	\$ 1,869,237	\$ 229,982	\$ 159,056,852