

LANSING COMMUNITY COLLEGE

# Consolidated Annual Financial Statements

For the Fiscal Year Ended June 30, 2018

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FINANCIAL SERVICES DIVISION





The background of the page is a close-up, slightly blurred image of a US dollar bill. The focus is on the portrait of George Washington, with the intricate patterns of the currency visible. The lighting is soft, creating a professional and clean aesthetic.

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# Financial Report

**As the financial report shows, LCC continues to exercise fiscal prudence, maintain a healthy financial condition, and practice good stewardship in the use of public and tuition dollars for academic programs and services.**

Lansing Community College remains fiscally sound. This Popular Annual Financial Report (PAFR) is formatted as an easy-to-read version of the College's Comprehensive Annual Financial Report (CAFR) that is published each year. The CAFR is a detailed account of the financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP), including financial disclosures, management's discussion and analysis, and LCC's component unit; the Lansing Community College Foundation's financial statements are not included in this report. To view the complete CAFR, please go to [www.lcc.edu/finservices](http://www.lcc.edu/finservices).

To receive a hard copy of the CAFR, please contact the Financial Services Division via email at [pearcel@lcc.edu](mailto:pearcel@lcc.edu).



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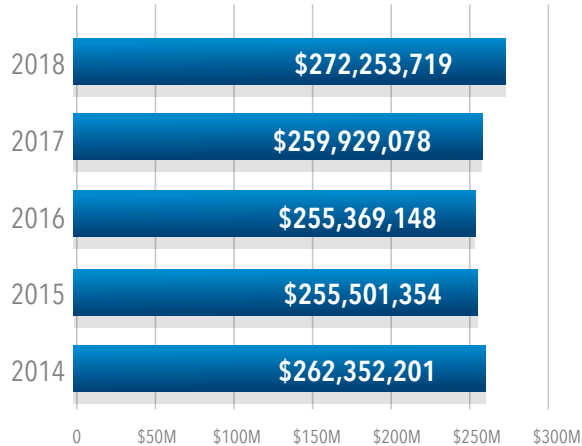
**Lansing Community College  
Michigan**

For its Annual  
Financial Report  
for the Fiscal Year Ended

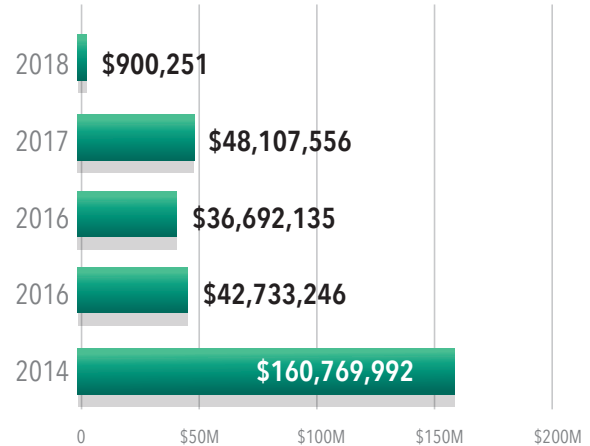
**June 30, 2017**

*Christopher P. Morrell*  
Executive Director/CEO

### Total Assets



### Total Net Position



## Assets

Current assets are those resources reasonably available within one year. Unlike other forms of assets, cash and cash equivalents can be used immediately for current operational needs, such as meeting the payroll or paying vendors. Short-term investments represent the College's holding in allowable financial instruments maturing within one year or less, such as certificates of deposits and money market accounts. Receivables represent those monies due to the College but not yet available for use; examples include property taxes not yet received for the prior and current year levies, remaining state appropriation payments, and accrued interest.

Non-current assets are the College's long-term financial and plant resources. Long-term investments represent the College's holding in allowable financial instruments maturing in more than one year, such as certificates of deposit. Property and equipment

account for the College's equity in land, buildings, real estate improvements (such as roads and security lighting), and capital equipment such as computer hardware and software, furniture, and media equipment. Depreciation is the allocation of the costs of buildings and equipment over their expected useful lives.

## Liabilities

Current liabilities are short-term obligations. Accrued payroll, accounts payable, and other accrued liabilities represent amounts due to employees or vendors for services, supplies, or equipment provided to the College. Unearned revenues include the tuition revenue for the remainder of the summer semester and amounts received for services to be provided in the future.

## Net Position

Net position represents the difference between the aggregated total of assets plus deferred outflows of resources and the aggregated total of liabilities

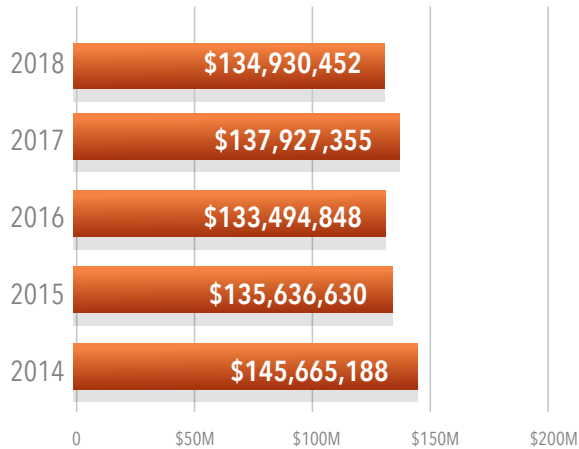
plus deferred inflows of resources, and is classified by the following categories: Net investment in capital assets— this is the total capital assets and restricted cash for debt service less accumulated depreciation and the outstanding balance of related debt; Restricted – this is net position that has limitations imposed on its use by external parties or by laws or regulations; Unrestricted (primarily the College's General Fund) – this is net position that may be used to meet the College's ongoing obligations. When reviewed over time, net position may serve as a useful indicator of the College's financial position. Total net position decreased \$118 million in fiscal year 2018 due to the requirement that all public employers in a cost-sharing retirement plan record the employer's total share of the statewide retirement system's other post-employment benefits (OPEB) liability. While this decreased overall net position for the College, the accounting entry recognizing the liability does not have any impact on the College's General Fund operational results and budget.

## Condensed Statement of Net Position and History for the Years Ended June 30

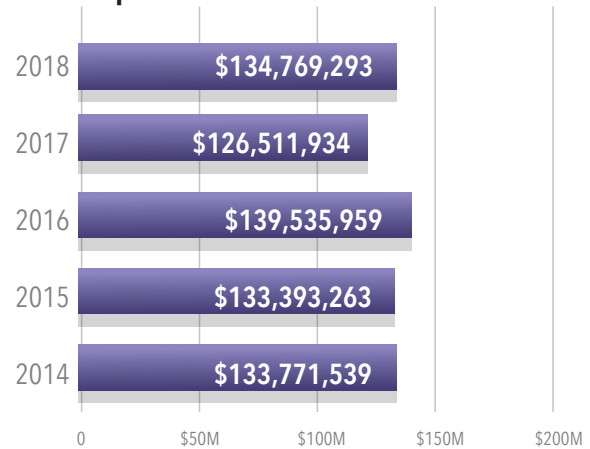
<b>Current Assets</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Cash and cash equivalents	\$11,779,096	\$13,726,408	\$11,061,971	\$12,422,536	\$14,005,912
Short-term investments	\$31,963,912	\$22,565,496	\$22,581,369	\$19,421,016	\$24,901,543
Receivables	\$13,079,373	\$12,632,441	\$13,926,660	\$13,308,695	\$16,230,555
Inventories	\$13,079,373	\$134,348	\$178,035	\$226,181	\$163,130
Prepaid expenses and other assets	\$1,991,127	\$1,863,192	\$1,806,022	\$226,497	\$487,398
<b>Noncurrent Assets</b>					
Restricted cash-unspent bond proceeds	\$10,793,418	\$-	\$-	\$-	\$10,729,919
Long-term investments	\$3,119,926	\$8,211,410	\$5,083,991	\$11,142,907	\$6,041,548
Bond issuance costs, net	\$-	\$-	\$-	\$-	\$-
Property and equipment, net	\$199,430,164	\$200,795,783	\$200,731,100	\$198,753,522	\$189,792,196
<b>Total Assets</b>	<b>\$272,253,719</b>	<b>\$259,929,078</b>	<b>\$255,369,148</b>	<b>\$255,501,354</b>	<b>\$262,352,201</b>
<b>Deferred outflows of resources</b>					
Deferred charge on bond refunding	\$2,300,622	\$831,639	\$997,967	\$1,164,295	\$1,330,622
Deferred pension amounts	\$33,928,655	\$19,460,975	\$14,002,164	\$18,050,453	\$-
<b>Current Liabilities</b>					
Accounts payable	\$8,203,996	\$4,959,369	\$6,169,418	\$3,657,124	\$6,003,530
Accrued payroll and other compensation	\$8,651,326	\$8,728,754	\$8,736,474	\$7,593,206	\$7,020,535
Unearned revenue	\$3,728,060	\$3,438,610	\$3,417,583	\$3,382,722	\$3,408,606
Other current liabilities	\$-	\$-	\$-	\$27,564	\$41,841
Current portion of debt obligations	\$4,120,000	\$3,875,000	\$6,115,000	\$5,215,000	\$5,234,848
<b>Noncurrent liabilities</b>					
Long-term debt obligations, net of current portion	\$73,217,199	\$64,790,095	\$69,248,858	\$75,293,790	\$81,175,907
Net pension liability	\$141,871,522	\$139,408,096	\$134,564,773	\$123,194,232	\$-
Other non-current liabilities	\$48,713,989	\$-	\$-	\$-	\$27,564
<b>Total liabilities</b>	<b>\$288,506,092</b>	<b>\$225,199,924</b>	<b>\$228,252,106</b>	<b>\$218,363,638</b>	<b>\$102,912,831</b>
<b>Deferred inflows of resources</b>					
Deferred pension amounts	\$19,076,653	\$6,914,210	\$5,425,038	\$13,619,218	\$-
<b>Net Position</b>					
Invested in capital assets, net of related debt	\$135,187,005	\$132,962,327	\$126,365,209	\$119,409,027	\$115,441,982
Restricted	\$199,611	\$7,917	\$-	\$152,940	\$-
Unrestricted	\$(134,486,365)	\$(84,862,688)	\$(89,673,074)	\$(76,828,721)	\$45,328,010
<b>Total Net Position</b>	<b>\$ 900,251</b>	<b>\$48,107,556</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$160,769,992</b>



### Total Revenues



### Total Expenses



### Operating Revenue

Student tuition and fees are the primary operating source of revenues for the College. LCC's in-district rate of tuition of \$103 per billing hour in FY 2018 remains among the most competitive in the state. Total Operating Revenues decreased \$1.3 million from FY 2017 to FY 2018 or 3.0 percent. This is primarily due to a reduction in Federal grants and contracts as grants are completed.

### Operating Expenses

Instruction includes direct activities and activities that aid in the teaching process. Instruction expenses include not only personnel costs and supplies, but also the personnel and materials required to plan, implement, and manage the instructional programs. Instructional support comprises those programs that directly support the instruction process, such as tutoring, library operations and instructional media services. Public Services

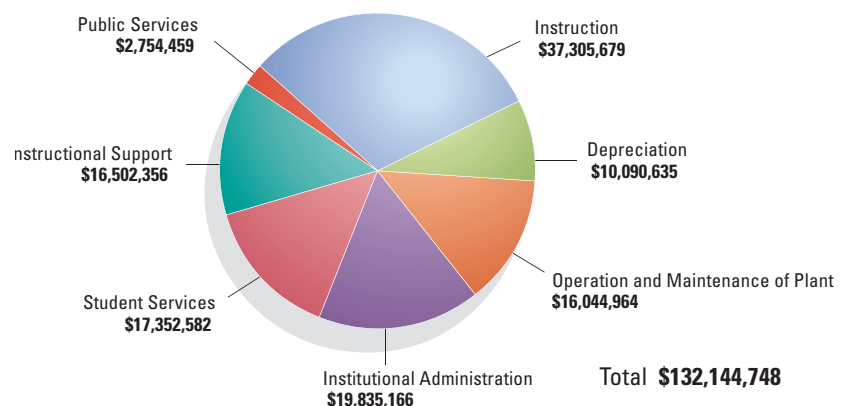
include those activities established to respond to a community need or solve a community problem. Student Services include registration and records, financial aid, counseling, student success coaches and other activities that provide non-academic support services to students. Information Technology include the technology costs that benefit the institution as a whole consisting of the Information Technology department, the operation of the computing system for the institution, all programs that are purchased and hardware that is maintained by the IT department, as well as telephone and telecommunication services. Institutional Administration encompasses general regulation, direction, and administration as well as institution-wide governance and accreditation activities. Operation and Maintenance of Plant includes maintenance, housekeeping, and other costs necessary for the proper

and safe operation of the College's facilities. Depreciation represents the current year allocated costs of fixed assets. Total Operating Expenses increased \$8.4 million from FY 2017 to FY 2018 or 6.8 percent. This increase is due to increases for salaries and related benefits for student services as a result of the student success initiatives being fully implemented.

### Non-Operating Revenues (Expenses)

State appropriations, property tax levies, and Pell grants are the major sources of non-operating revenue for the College. The college received \$600 thousand of the total \$5.0 million grant from the state to expand and enhance the Center for Manufacturing Excellence. Non-operating expenses include interest on debt incurred to acquire capital assets.

### FY 2018 Operating Expenses



## Revenues, Expenses, and Changes in Net Position for the Years Ended June 30

Operating Revenues	2018	2017	2016	2015	2014
Total Operating Revenues	\$42,627,974	\$43,938,373	\$41,521,872	\$40,256,398	\$40,148,293
Total Operating Expenses	\$132,144,748	\$123,764,426	\$135,956,500	\$129,997,168	\$130,144,375
<b>Operating Income (Loss)</b>	<b>\$(89,516,774)</b>	<b>\$(79,826,053)</b>	<b>\$(94,434,628)</b>	<b>\$(89,740,770)</b>	<b>\$(89,996,082)</b>
Net Non-Operating Revenues (Expenses)	\$89,078,232	\$86,638,657	\$88,250,621	\$91,984,137	\$92,473,681
Capital Gifts and Appropriations	\$-	\$4,602,817	\$142,896	\$-	\$9,416,050
<b>Total Change in Net Position</b>	<b>\$ 161,159</b>	<b>\$11,415,421</b>	<b>\$(6,041,111)</b>	<b>\$2,243,367</b>	<b>\$11,893,649</b>
<b>Net Position, Beginning of Year</b>	<b>\$48,107,556</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$160,769,992</b>	<b>\$148,876,343</b>
<b>Implementation of GASB 75</b>	<b>\$(47,368,464)</b>	<b>\$-</b>	<b>\$-</b>	<b>\$(120,280,113)</b>	<b>\$-</b>
<b>Net Position, End of Year</b>	<b>\$900,251</b>	<b>\$48,107,556</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$160,769,992</b>
<b>Operating Revenues</b>					
Tuition and fees (net of scholarships allowances)	\$31,112,089	\$30,405,367	\$27,216,821	\$27,560,464	\$28,554,591
Federal, state and local grants and contracts	\$9,180,805	\$8,636,075	\$7,771,621	\$9,220,412	\$7,554,507
Sales and services	\$361,849	\$1,712,034	\$2,499,865	\$807,485	\$2,588,032
Miscellaneous	\$1,973,231	\$3,184,897	\$4,033,565	\$2,668,037	\$1,451,163
<b>Total Operating Revenues</b>	<b>\$42,627,974</b>	<b>\$43,938,373</b>	<b>\$41,521,872</b>	<b>\$40,256,398</b>	<b>\$40,148,293</b>
<b>Operating Expenses</b>					
Instruction	\$37,305,679	\$41,302,810	\$46,417,111	\$45,539,843	\$47,495,410
Public Services	\$2,754,459	\$2,703,721	\$2,157,956	\$2,015,322	\$2,162,257
Instructional Support	\$16,502,356	\$20,565,407	\$24,916,745	\$23,323,896	\$21,917,746
Student services	\$17,352,582	\$13,235,947	\$13,207,329	\$15,240,309	\$17,926,228
Institutional administration	\$19,835,166	\$21,387,848	\$20,538,563	\$18,125,659	\$16,630,435
Operation and maintenance of Plant	\$16,044,964	\$15,925,653	\$20,883,970	\$18,489,746	\$17,033,486
Depreciation	\$10,090,635	\$8,643,040	\$7,834,826	\$7,262,393	\$6,978,813
<b>Total Operating Expenses</b>	<b>\$132,144,748</b>	<b>\$123,764,426</b>	<b>\$135,956,500</b>	<b>\$129,997,168</b>	<b>\$130,144,375</b>
<b>Operating Income (Loss)</b>	<b>\$(89,516,774)</b>	<b>\$(79,826,053)</b>	<b>\$(94,434,628)</b>	<b>\$(89,740,770)</b>	<b>\$(89,996,082)</b>
<b>Non-Operating Revenues</b>					
State appropriations	\$33,759,671	\$33,317,442	\$33,761,131	\$35,344,860	\$32,824,815
Property tax levy	\$40,983,811	\$39,910,486	\$39,207,101	\$37,390,260	\$36,718,154
Pell grant revenue	\$16,461,261	\$15,980,057	\$18,705,818	\$22,505,731	\$26,380,689
Investment return and other gains	\$498,034	\$178,180	\$156,030	\$139,381	\$177,187
Interest on capital asset related debt	\$(2,624,545)	\$(2,747,508)	\$(3,579,459)	\$(3,396,095)	\$(3,627,164)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>\$89,078,232</b>	<b>\$86,638,657</b>	<b>\$88,250,621</b>	<b>\$91,984,137</b>	<b>\$92,473,681</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ (438,542)</b>	<b>\$6,812,604</b>	<b>\$(6,184,007)</b>	<b>\$2,243,367</b>	<b>\$2,477,599</b>
State Capital Grants	\$599,701	\$4,400,299	\$-	\$-	\$-
Capital Appropriations and Gifts	\$-	\$202,518	\$142,896	\$-	\$9,416,050
<b>Change in Net Position</b>	<b>\$161,159</b>	<b>\$11,415,421</b>	<b>\$(6,041,111)</b>	<b>\$2,243,367</b>	<b>\$11,893,649</b>
<b>Net Position, Beginning of Year</b>	<b>\$ 48,107,556</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$160,769,992</b>	<b>\$148,876,343</b>
<b>Implementation of GASB 68</b>	<b>\$(47,368,464)</b>	<b>\$-</b>	<b>\$-</b>	<b>\$(120,280,113)</b>	<b>\$-</b>
<b>Adjusted Net Position, Beginning of Year</b>	<b>\$ 739,092</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$40,489,879</b>	<b>\$148,876,343</b>
<b>Net Position, End of Year</b>	<b>\$900,251</b>	<b>\$48,107,556</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$160,769,992</b>



Lansing Community College is committed to providing equal employment opportunities and equal education for all persons regardless of race, color, sex, age, religion, national origin, creed, ancestry, height, weight, sexual orientation, gender identity, gender expression, disability, familial status, marital status, military status, veteran's status, or other status as protected by law, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position or that is unrelated to the person's ability to participate in educational programs, courses services or activities offered by the college. The following individuals have been designated to handle inquiries regarding the nondiscrimination policies: Equal Opportunity Officer, Washington Court Place, 309 N. Washington Square Lansing, MI 48933, 517-483-1730; Employee Coordinator 504/ADA, Administration Building, 610 N. Capitol Ave. Lansing, MI 48933, 517-483-1875; Student Coordinator 504/ADA, Gannon Building, 411 N. Grand Ave. Lansing, MI 48933, 517-483- 1885; Lori Willett, Human Resource Manager/ Title IX Coordinator, Administration Building, 610 N. Capitol Ave. Lansing, MI 48933, 517- 483-1870; Christine Thompson, Student Title IX Coordinator, Gannon Building, 411 N. Grand Ave. Lansing, MI 48933, 517-483-1261