

LANSING COMMUNITY COLLEGE

Popular Annual Financial Statements

For the Fiscal Year Ended June 30, 2019

FINANCIAL SERVICES DIVISION · LANSING, MI



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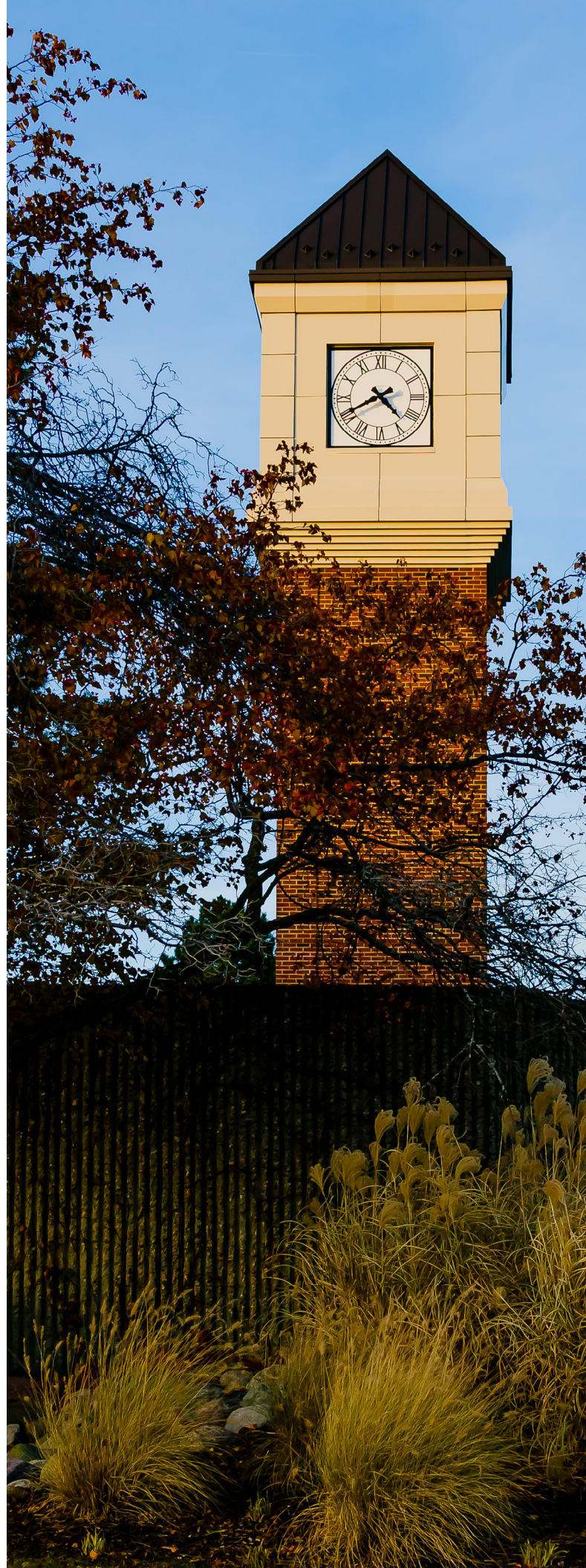
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College Overview

Overview

Lansing Community College (LCC) is a major urban community college, situated on 48 acres in a nine-city block area in downtown Lansing, Michigan. Founded in 1957, LCC serves more than 17,000 college-credit students each year. LCC offers classes year-round in a three-semester curriculum. The college offers more than 200 degree and certificate programs, and more than 1,000 courses to match career and workforce development, transfer curricula, and developmental or special interest needs. Courses are offered in 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, including the Business and Community Institute (BCI) that creates customized training for regional businesses, manufacturers and corporate partners.

In addition to the Downtown Campus, LCC operates West Campus in Delta Township (home to the Michigan Technical Education Center, or M-TEC), LCC East in East Lansing, the Livingston Center in Howell, and the Aviation Maintenance Center at the Mason-Jewett Airport in Mason. LCC was the first Michigan community college to offer a complete associate degree online, and now offers more than 1,200 online/hybrid sections per year – about one-third of all section offerings.

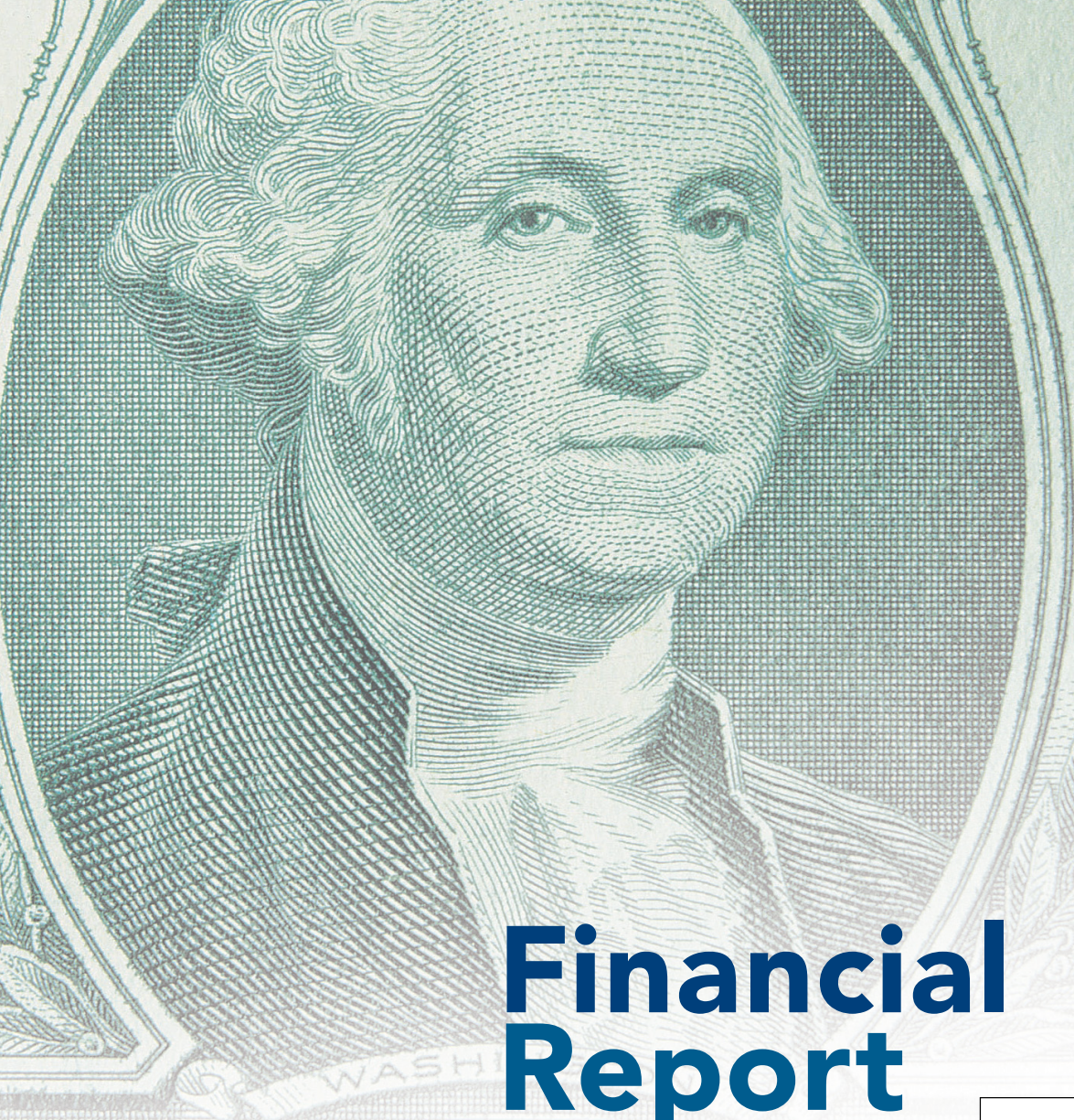
LCC is accredited by the Higher Learning Commission, and on June 27, 2016, the college's accreditation was reaffirmed for 10 years.

Financial Planning

Affordable tuition makes LCC well-positioned to attract a diverse group of students. LCC's academic year 2019 \$105 in-district per billing hour rate is well below the \$113 state average of community college in-district tuition rates. High-potential enrollees 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. In addition, as the price of four-year institutions continues to rise, cost becomes a preeminent concern and LCC's value proposition to graduating high school students improves. LCC's value is aided by the numerous transfer and articulation agreements it maintains with four-year institutions in the state of Michigan, the Michigan Transfer Agreement (MTA), as well as the partnerships with colleges at LCC's University Center.

As the financial report shows, LCC continues to exercise fiscal prudence of the college's available resources to maintain a healthy financial condition, and continue our commitment to academic excellence.

Enrollment for Fall	2018	2017	2016	2015	2014
College (unduplicated head count)	11,771	12,882	13,583	14,851	16,031
Full-time Equivalents	6,804	7,461	7,920	8,500	9,250
Total Credit Hours	107,257	117,655	123,341	133,493	143,33



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 the Lansing Community College Foundation, LCC's component unit. The LCC Foundation's financial statements are not included in this report.

To view the complete CAFR, please go to **FY2019 CAFR**. To receive a hard copy of the CAFR, please contact the Financial Services Division at pearcel@lcc.edu.



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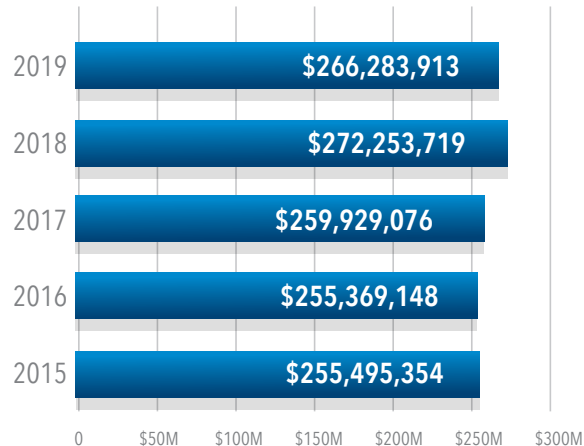
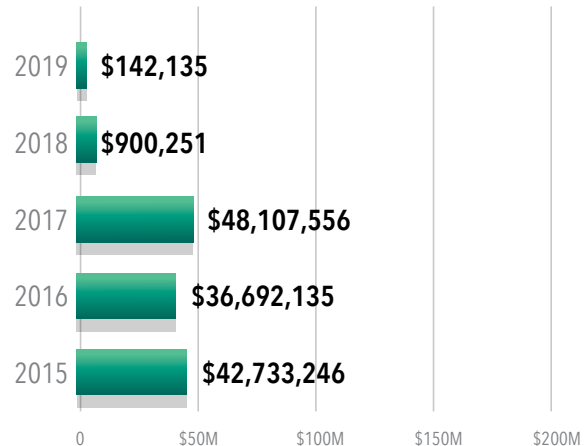
Presented to

**Lansing Community College
Michigan**

For its Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Moriel
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

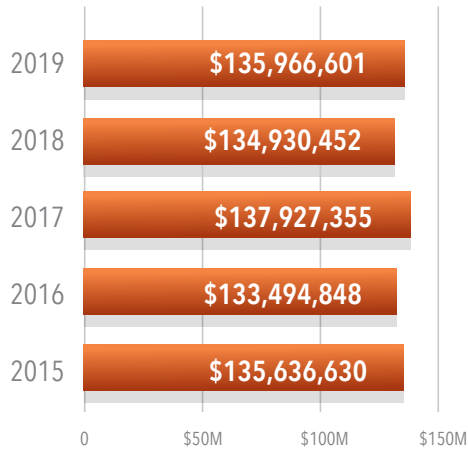
Net position represents the difference between the aggregated total of assets plus deferred outflows of resources and the aggregated total of liabilities plus

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 \$0.8 million in fiscal year 2019, primarily 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.

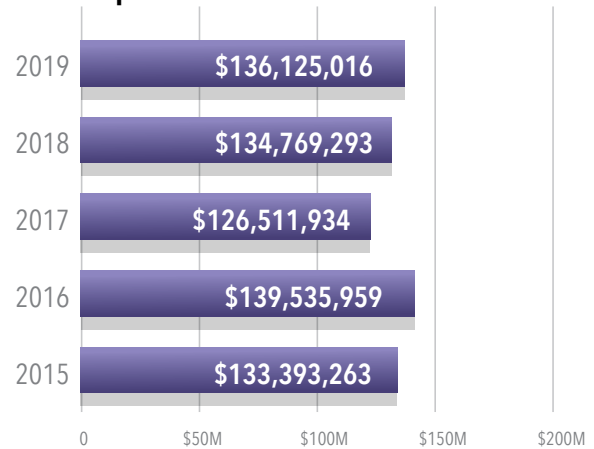
Condensed Statement of Net Position and History for the Years Ended June 30

Current assets	2019	2018	2017	2016	2015
Cash and cash equivalents	\$18,019,750	\$11,779,096	\$13,726,408	\$11,061,971	\$12,422,536
Short-term investments	\$22,279,173	\$31,963,912	\$22,565,496	\$22,581,369	\$19,421,016
Receivables	\$12,295,399	\$13,079,373	\$12,632,440	\$13,926,660	\$13,302,695
Inventories	\$-	\$96,703	\$134,348	\$178,035	\$226,181
Prepaid expenses and other assets	\$2,217,174	\$1,991,127	\$1,863,192	\$1,806,022	\$226,497
Noncurrent assets					
Restricted cash-unspent bond proceeds	\$9,201,083	\$10,793,418	\$-	\$-	\$-
Long-term investments	\$10,117,126	\$3,119,926	\$8,211,410	\$5,083,991	\$11,142,907
Property and equipment, net	\$192,154,208	\$199,430,164	\$200,795,782	\$200,731,100	\$198,753,522
Total assets	\$266,283,913	\$272,253,719	\$259,929,076	\$255,369,148	\$255,495,354
Deferred outflows of resources					
Deferred charge on bond refunding	\$2,083,969	\$2,300,622	\$831,639	\$997,967	\$1,164,295
Deferred pension amounts	\$59,515,517	\$33,928,655	\$19,460,975	\$14,002,164	\$18,050,453
Current liabilities					
Accounts payable and other current liabilities	\$4,455,991	\$8,203,995	\$4,959,369	\$6,169,418	\$3,684,688
Accrued payroll and other compensation	\$8,306,502	\$8,651,326	\$8,728,754	\$8,736,474	\$7,593,206
Unearned revenue	\$3,425,760	\$3,728,060	\$3,438,610	\$3,417,583	\$3,382,722
Current portion of debt obligations	\$4,255,000	\$4,120,000	\$3,875,000	\$6,115,000	\$5,215,000
Noncurrent liabilities					
Long-term debt obligations, net of current portion	\$68,401,166	\$73,217,199	\$64,790,095	\$69,248,858	\$75,293,790
Net pension liability	\$163,974,876	\$141,871,522	\$139,408,096	\$134,564,773	\$123,194,232
Net other post-employment benefits liability	\$43,350,196	\$48,713,989	\$-	\$-	\$-
Total liabilities	\$296,169,491	\$288,506,091	\$225,199,924	\$228,252,106	\$218,363,638
Deferred inflows of resources					
Deferred pension amounts	\$31,571,773	\$19,076,653	\$6,914,210	\$5,425,038	\$13,619,218
Net position					
Invested in capital assets, net of related debt	\$130,783,094	\$135,187,005	\$132,962,327	\$126,365,209	\$119,409,027
Restricted	\$246,003	\$199,611	\$7,917	\$-	\$152,940
Unrestricted	\$(130,886,962)	\$(134,486,365)	\$(84,862,688)	\$(89,673,074)	\$(76,828,721)
Total net position	\$142,135	\$900,251	\$48,107,556	\$36,692,135	\$42,733,246

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 \$105 per billing hour in academic year 2019 remains among the most competitive in the state. Total Operating Revenues increased \$2.4 million from FY 2018 to FY 2019 or 5.6 percent. This is primarily due to increased local grants, auxiliary services, and miscellaneous revenue.

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 purchased and hardware 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

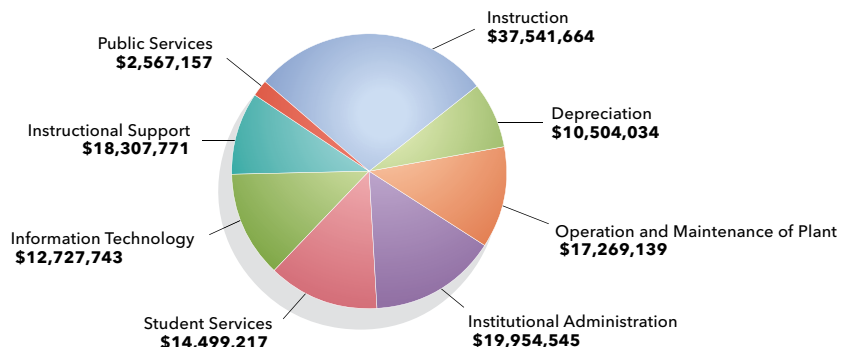
and safe operation of the College's facilities. Depreciation represents the current year allocated costs of fixed assets. Total Operating Expenses increased \$1.2 million from FY 2018 to FY 2019 or 0.9 percent. This increase included increases in Pension and OPEB Liabilities, Designated, Auxiliary Activities, and Plant Funds.

Non-Operating Revenues (Expenses)

State appropriations, property tax levies, and Pell grants are the major sources of non-operating revenue for the College. Total net non-operating expenses decreased by \$1.5 million from FY 2018 to FY 2019 due to a decrease in Pell grant revenue resulting from decreased enrollment. Non-operating expenses include interest on debt incurred to acquire capital assets.

FY 2019 Operating Expenses

Total **\$133,371,330**



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

Operating summary	2019	2018	2017	2016	2015
Total operating revenues	\$45,015,987	\$42,627,974	\$43,938,373	\$41,521,872	\$40,256,398
Total operating expenses	\$133,371,330	\$132,144,748	\$123,764,426	\$135,956,500	\$129,997,168
Operating income (loss)	\$(88,355,343)	\$(89,516,774)	\$(79,826,053)	\$(94,434,628)	\$(89,740,770)
Net non-operating revenues (expenses)	\$87,597,227	\$89,078,232	\$86,638,657	\$88,250,621	\$91,984,137
Capital gifts and appropriations	\$-	\$599,701	\$4,602,817	\$142,896	\$-
Total change in net position	\$(758,116)	\$ 161,159	\$11,415,421	\$(6,041,111)	\$2,243,367
Net position, beginning of year	\$900,251	\$48,107,556	\$36,692,135	\$42,733,246	\$160,769,992
Implementation of GASB 75/68	\$-	\$(47,368,464)	\$-	\$-	\$(120,280,113)
Net position, end of year	\$142,135	\$900,251	\$48,107,556	\$36,692,135	\$42,733,246
Operating revenues					
Tuition and fees (net of scholarships allowances)	\$30,611,199	\$31,112,089	\$30,405,367	\$27,216,821	\$27,560,464
Federal, state and local grants and contracts	\$9,595,925	\$9,180,805	\$8,636,075	\$7,771,621	\$9,220,412
Sales and services	\$732,681	\$361,849	\$1,712,034	\$2,499,865	\$807,485
Miscellaneous	\$4,076,182	\$1,973,231	\$3,184,897	\$4,033,565	\$2,668,037
Total operating revenues	\$45,015,987	\$42,627,974	\$43,938,373	\$41,521,872	\$40,256,398
Operating expenses					
Instruction	\$37,541,664	\$37,305,679	\$36,462,526	\$46,417,111	\$45,539,843
Information technology*	\$12,727,743	\$12,258,907	\$10,434,438	\$-	\$-
Public services	\$2,567,157	\$2,754,459	\$2,703,721	\$2,157,956	\$2,015,322
Instructional support	\$18,307,771	\$16,502,356	\$17,547,370	\$24,916,745	\$23,323,896
Student services	\$14,499,277	\$17,352,582	\$11,782,303	\$13,207,329	\$15,240,309
Institutional administration	\$19,954,545	\$19,835,166	\$20,265,334	\$20,538,563	\$18,125,659
Operation and maintenance of plant	\$17,269,139	\$16,044,964	\$15,925,694	\$20,883,970	\$18,489,746
Depreciation	\$10,504,034	\$10,090,635	\$8,643,040	\$7,834,826	\$7,262,393
Total operating expenses	\$133,371,330	\$132,144,748	\$123,764,426	\$135,956,500	\$129,997,168
Operating income (loss)	\$(88,355,343)	\$(89,516,774)	\$(79,826,053)	\$(94,434,628)	\$(89,740,770)
Non-operating revenues					
State appropriations	\$33,884,167	\$33,759,671	\$33,317,442	\$33,761,131	\$35,344,860
Property tax levy	\$42,298,367	\$40,983,811	\$39,910,486	\$39,207,101	\$37,390,260
Pell grant revenue	\$13,267,697	\$16,461,261	\$15,980,057	\$18,705,818	\$22,505,731
Investment return and other gains	\$900,682	\$498,034	\$178,180	\$156,030	\$139,381
Interest on capital asset related debt	\$(2,753,686)	\$(2,624,545)	\$(2,747,508)	\$(3,579,459)	\$(3,396,095)
Net non-operating revenues (expenses)	\$87,597,227	\$89,078,232	\$86,638,657	\$88,250,621	\$91,984,137
Increase (decrease) in net position	\$(758,116)	\$ (438,542)	\$6,812,604	\$(6,184,007)	\$2,243,367
State capital grants	\$-	\$599,701	\$4,400,299	\$-	\$-
Capital appropriations and gifts	\$-	\$-	\$202,518	\$142,896	\$-
Change in net position	\$(758,116)	\$161,159	\$11,415,421	\$(6,041,111)	\$2,243,367
Net position, beginning of year	\$900,251	\$ 48,107,556	\$36,692,135	\$42,733,246	\$160,769,992
Implementation of GASB 75/68	\$-	\$(47,368,464)	\$-	\$-	\$(120,280,113)
Adjusted net position, beginning of year	\$900,251	\$ 739,092	\$36,692,135	\$42,733,246	\$40,489,879
Net position, end of year	\$142,135	\$900,251	\$48,107,556	\$36,692,135	\$42,733,246

*Prior to FY2017, information technology expenses were allocated to the other operating expense categories.



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.

