



Comprehensive Annual Financial Report



Fiscal Years Ended June 30, 2014 and June 30, 2013



LANSING COMMUNITY COLLEGE
Lansing, MI

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Years Ended June 30, 2014 and June 30, 2013

Prepared by:
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LANSING COMMUNITY COLLEGE
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FISCAL YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

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Introductory Section



October 3, 2014

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

The Comprehensive Annual Financial Report (CAFR) of Lansing Community College for the fiscal years ended June 30, 2014 and June 30, 2013, 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 is accurate in all material respects and is 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, Certified Public Accountants, have issued an unmodified (clean) opinion on Lansing Community College's financial statements for the years ended June 30, 2014 and 2013. The independent auditors' report is located at the front of the financial section of the report.

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

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

In March 2013 the College adopted a new Strategic Plan, *Learn Forward*, which will set the institution's direction for the next three fiscal years. This plan will 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. During the fiscal year ending June 30, 2014 the College continued upon a \$67 million capital program funded by bond proceeds, internally designated funds, externally raised funds and a State of Michigan Capital outlay appropriation. This broad initiative will transform facilities for teaching and learning on campus for decades to come.

We have remained flexible in these most challenging economic times to provide services efficiently while maintaining our commitment to students. We are encouraged by the continued dedication of our faculty, administrators, staff and the Board of Trustees to make Lansing Community College an excellent place of higher education. Lansing Community College - "*Where Success Begins*".

PROFILE OF THE COLLEGE

Lansing Community College is a major urban community college, situated on 48 acres, in a nine-city block area in downtown Lansing, Michigan. Founded in 1957, Lansing Community College is now the third largest community college in the state of Michigan. The College currently enrolls more than 26,000 college-credit students each year, and has over 500 full-time and over 1,800 part-time staff and faculty. The College offers classes year-round, in a three-semester curriculum. The College offers 262 degree and certificate programs and over 1,200 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 Extended Learning and Professional Studies division provides community and continuing education and includes the College's Business & Community Institute (BCI) that provides customized training directly to regional businesses and manufacturers.

In addition to the main campus, the College operates a West Campus in Delta Township that is home to the Michigan Technical Education Center (M-TEC), the East Campus in East Lansing, the Livingston Center at Parker Campus in Howell, the Clinton County Center in St. Johns, an Aviation Maintenance Center at the Mason-Jewett Airport in Mason, and the EMS facility in Livingston County. In addition, there are learning centers in more than 20 communities within the College's 30-mile service district. Lansing Community College was the first Michigan community college to offer a complete associate's degree online and now offers over 500 online/hybrid sections per semester, or approximately 22% of all section offerings.

LCC is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, and serves approximately 40,000 people annually.

The following table illustrates enrollments over the last five years:

	FALL				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Enrollment</u>					
College (unduplicated head count)	20,057	22,014	20,640	19,082	17,562
Full-time Equivalents	12,535	13,524	10,793	11,147	10,245
Total Credit Hours	188,815	209,621	186,354	174,369	163,466

FINANCIAL PLANNING

In-District tuition was increased by \$2 per billing hour for Fiscal Year 2014. Tuition remained constant for Fiscal Years 2009 and 2010; increased by \$3 per billing hour in Fiscal Years 2011 and 2012; and increased by \$2 per billing hour in Fiscal Year 2013. LCC's leadership remains firm in their stance to keep tuition rates low. With tuition and fees accounting for 44% of the revenue mix and few viable options available to diversify revenue sources, the college finds itself with the challenge to balance changing student demand with increasing costs and decreasing revenue.

As the least expensive post-secondary education option in a community facing a difficult economic situation, LCC is well positioned to attract a diverse group of students. High potential targets include those who are looking for a less-expensive post-secondary education option, those who have recently lost their job and are looking to retool their skill set in order to be productive in what may potentially be a more service-oriented and higher-skill-based economy, and those looking to further their education in order to remain competitive in the job market. Additionally, as the price of four-year institutions continue 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 LCC maintains with four-year institutions in the state of Michigan as well as the success of their own University Center.

At the start of the College's FY 2014 budget planning, College financial staff projected an initial gap of more than \$3.1 million between projected revenues and expenditures. This \$3.1 million deficit assumed College programs and services would remain at FY 2013 levels with the exception of additional funding deemed necessary to target student success and planned capital improvements. This also assumed that tuition rates would remain flat. The College engaged in a rigorous review of all programs and services and closed the \$3.1 million gap using criteria that prioritized funding for activities that had a direct impact on workforce development, educational quality or those that would produce more revenue than expense. Finally the remaining gap was closed with a conservative tuition rate increase of 2.5% for students.

As the financial report shows, we continue to exercise fiscal prudence, to maintain a healthy financial condition and to protect the tax dollars in the use of available resources to continue our commitment to academic excellence. The Lansing State Journal has previously printed, "The College has demonstrated restraint while coping with the same intense financial pressures facing every educational institution in the state."

STRATEGIC FOCUS

On March 18, 2013, the Board of Trustees adopted a strategic plan titled *Learn Forward* for 2013 through 2016. Development of the plan began in 2011 with an assessment of the College's strategic challenges and priorities and included numerous conversations with community and campus stakeholders.

Six areas of strategic focus emerged from the process:

Competitiveness and Innovation

Lansing Community College demonstrates its status as a college of choice by delivering superior value, by continuously improving and innovating, and by forecasting and responding to growth opportunities and competitive challenges.

Learning

Lansing Community College is an exemplary institution where student achievement and success are realized through relevant and rigorous curricula across all areas of teaching and learning.

Student Success

Lansing Community College provides excellent student support services that facilitate retention, goal completion, engagement, and success.

Community Engagement

Lansing Community College builds and enhances mutually beneficial relationships with community partners.

Leadership, Culture, and Communication

Lansing Community College is an organization in which personal responsibility, trust, respect for others, openness, and excellent customer service are core values. All employees model the values of integrity, honesty, transparency, accountability, and good stewardship. The College affirms its commitment to participatory governance.

Resource Management and Fiscal Responsibility

Lansing Community College engages in planning activities that support its ability to make data-informed and transparent decisions within a participatory framework at all levels to ensure the health and sustainability of the institution over the long term.

LOCAL ECONOMY

Michigan's economy spent the years 2000 through 2010 in recession, largely driven by the same fundamental restructuring that affected manufacturing globally. Manufacturing has experienced a significant surge in productivity, driven by competition in the economy. For Michigan, the effect of productivity improvements was substantial, particularly given that there was more room for improvement in the durable goods and motor vehicle manufacturing sectors than many other sectors, that Michigan was, and remains, very disproportionately concentrated in motor vehicle manufacturing and that the motor vehicle industries have become one of the most competitive sectors of the economy. For Michigan, those factors were complicated as General Motors, Ford, and Chrysler lost market share over the last decade, leaving Michigan to lose employment from both productivity and reduced demand. The impact on the Michigan economy was exacerbated by the rapid and drastic decline in automobile sales in late 2008 and during 2009, reflecting national collapses in sectors such as construction, real estate, and finance.

However, the drag from the manufacturing sector on Michigan's economy appears to have bottomed out and the recovery in vehicle sales nationally has helped Michigan's economic situation. Manufacturing employment in Michigan rose by 106,000 jobs (24.1%) between June 2009, when the U.S. recession ended, and January 2013.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2013-14, FY2014-15, and FY2015-16
May 14, 2014 Senate Fiscal Agency, State of Michigan

Forecast Summary

After rising 1.0% in 2013, Michigan's inflation-adjusted personal income is estimated to grow 1.8% in 2014, 2.4% in 2015, and 2.7% in 2016. Employment gains over the forecast period will be muted, particularly when compared to prior recoveries. In Michigan, higher vehicle sales, stability in the housing market, and an improved national economy are expected to allow the unemployment rate to slowly decline, from 8.8% in 2013 to 7.5% in 2014, 7.2% in 2015 and 6.7% in 2016.

Inflation is not anticipated to be a concern over the forecast period, despite the assumption of high (but only slowly increasing) energy prices. Productivity, weak domestic consumer demand, and substantial weakness in the labor market will help keep labor costs low.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2013-14, FY2014-15, and FY2015-16
May 14, 2014 Senate Fiscal Agency, State of Michigan

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 has been \$3.8072 since 2006. The state average for all community colleges was \$2.4533 in 2013.

PROSPECTS FOR THE FUTURE

Compared with the January 10, 2014, Consensus Economic Forecast, both the U.S. and Michigan forecasts are slightly weaker for all forecast years. Weak employment growth, weak income growth, and slowdowns in overseas economies will temper the pace of the U.S. and Michigan recoveries during the forecast period. Improved vehicle sales and stronger profitability in Michigan's vehicle sector will provide stability to the Michigan employment situation as the government sector declines.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2013-14, FY2014-15, and FY2015-16
May 14, 2014 Senate Fiscal Agency, State of Michigan

FY 2014-15 Revised Revenue Estimate - State-wide

- General Fund/General Purpose ("GF/GP") and School Aid Fund ("SAF") revenue is expected to total \$21.6 billion, up 3.6% or \$755.7 million from the revised estimate for FY 2013-14. The projected revenue increase in FY 2014-15 reflects stronger economic growth in 2015 than in 2014. Changes in the estimated impact of certified credits on Michigan Business Tax (MBT) revenue combined with tax policy changes to lower GF/GP and SAF revenue by \$574.0 million in FY 2014-15. The revised estimate for FY 2014-15 is \$377.8 million below the January 2014 consensus revenue estimate.

FY 2015-16 Revised Revenue Estimate - State-wide

- GF/GP and SAF revenue is expected to total \$22.4 billion in FY 2015-16. This revised estimate for FY 2015-16 is up 3.7% or \$806.0 million from the revised estimate for FY 2014-15. Changes in the estimated impact of certified credits on MBT revenue combined with tax policy changes to lower GF/GP and SAF revenue by \$575.4 million in FY 2015-16. As in FY 2014-15, the revenue increase in FY 2015-16 reflects improvements in the level of economic activity.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2013-14, FY2014-15, and FY2015-16
May 14, 2014 Senate Fiscal Agency, State of Michigan

CAPITAL PROJECTS

In July, 2012, the Lansing Community College Board of Trustees approved a forward-thinking set of renovation projects that will transform teaching and learning on campus for the next several decades. It is a sweeping vision grounded in the practical needs of our students – one that will enable them to pursue their educational and professional goals in settings that have been purposefully designed to help them perform at their best and to succeed.

These projects will fundamentally change the student experience by creating a variety of dynamic and adaptable teaching, learning, and support environments. They include:

- Technology-rich learning spaces and infrastructure
- Student-centered commons areas that encourage learning beyond the classroom
- Inviting environments for attracting and retaining students and enhancing campus-community connections

Together, these projects position LCC as a national leader in community college education, linking best practices in teaching and learning to the needs of Michigan employers and the expectations of baccalaureate-granting colleges and universities. In our transfer and career programs, as well as in our partnerships with K-12 schools in mid-Michigan, the College is committed to providing students with a superior learning environment that effectively prepares them to participate in today's economy.

Multiple funding strategies were used. The State of Michigan Capital Outlay appropriation will fund \$9.975 million of the Arts & Sciences Building renovation. The College has accumulated \$11.4 million for these projects. The College received \$1.3 million from LCC Foundation capital funds, and the remainder will be financed with net proceeds of a bond issuance of approximately \$44.3 million dollars, net of the cost of issuance.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lansing Community College for its comprehensive annual financial report for the fiscal year ended June 30, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. 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. LCC has received a Certificate of Achievement for five consecutive years. We believe that our current comprehensive annual financial report 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.

LCC has received the Distinguished Budget Presentation Award from the GFOA for the 2013/2014 fiscal year. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. LCC has received this award for five consecutive years. A copy of this award can be viewed on the College's website at

http://www.lcc.edu/finservices/FiscalYear2014_AnnualBudget.pdf

LCC has received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year ended June 30, 2013. The GFOA established the Popular Annual Financial Reporting Awards Program to encourage and assist state and local governments to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal. LCC has received this award for three consecutive years. A copy of this award can be viewed on the College's website at <http://www.lcc.edu/finservices/Annual-Report-2013-web.pdf>.

LCC's Purchasing Department is the recipient of the 18th Annual Achievement of Excellence in Procurement (AEP) Award. Lansing Community College has received the award for 11 consecutive years and is one of only four government agencies in Michigan to receive the national award. The award is designed to recognize organizational excellence in procurement through efficient and effective practices within an organization's procurement policies and processes. It acknowledges measures in innovation, professionalism, e-procurement, productivity and leadership attributes of the procurement function.

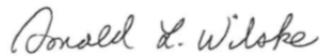
Independent Audit

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

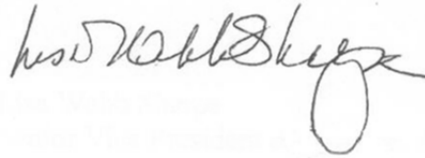
Acknowledgments

The timely preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the finance department. 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



Lisa Webb Sharpe
Senior Vice President of Finance, Administration, and
Advancement

LANSING COMMUNITY COLLEGE

PRINCIPAL OFFICIALS

Year Ended June 30, 2014

BOARD OF TRUSTEES

	<u>Position</u>	<u>Term Expires</u>
Larry Meyer	Chairperson	2016
Edward Woods III	Vice Chairperson	2014
Robin M. Smith	Secretary	2018
Jerry L. Hollister	Treasurer	2014
Deborah Canja	Trustee	2016
Robert E. Proctor	Trustee	2016
Lawrence Hidalgo, Jr.	Trustee	2018

OFFICERS OF THE COLLEGE

Brent Knight	President
Richard Prystowsky	Provost/Senior Vice President of Academic and Student Affairs
Lisa Webb Sharpe	Senior Vice President of Finance, Administration & Advancement
Donald L. Wilske	Chief Financial Officer

OFFICIALS ISSUING REPORT

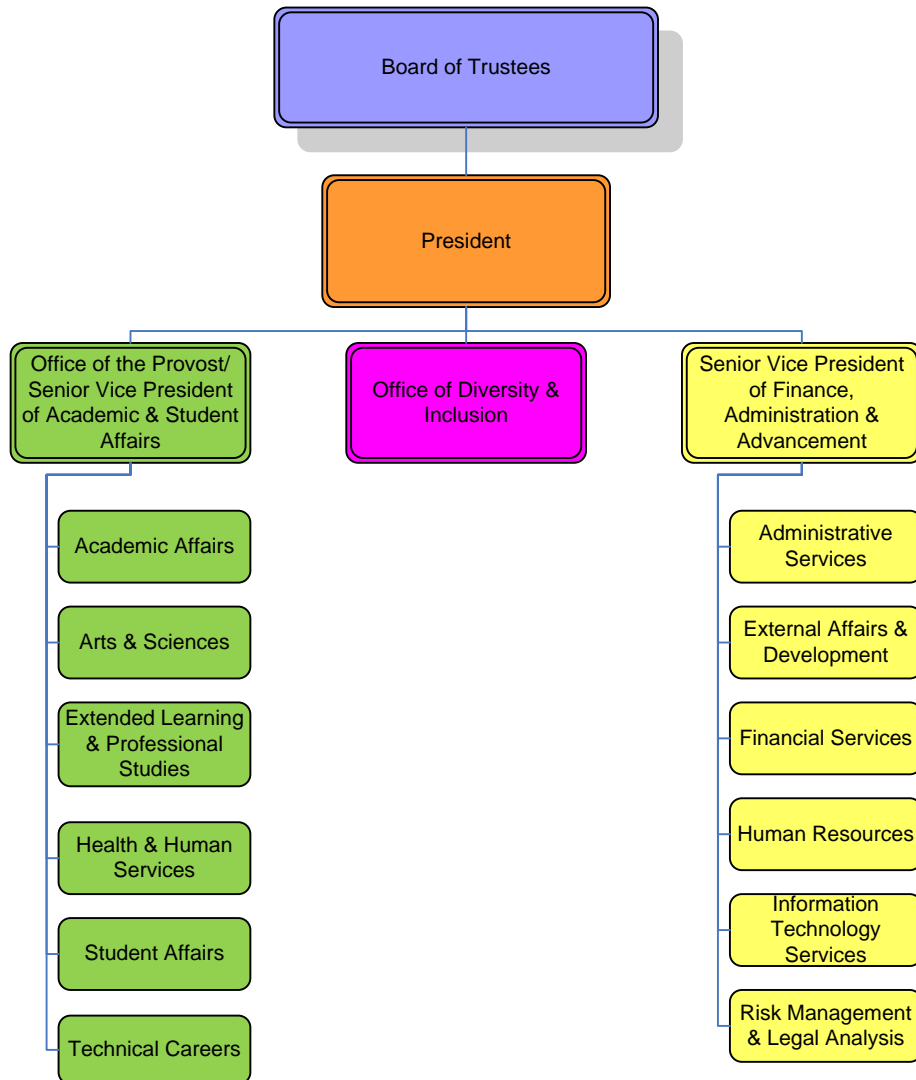
Lisa Webb Sharpe	Senior Vice President of Finance, Administration & Advancement
Donald L. Wilske	Chief Financial Officer
Lisa L. Mazure	Controller
Megan Garrett	Assistant Controller

DIVISION ISSUING REPORT

Financial Services Division

LANSING COMMUNITY COLLEGE

ORGANIZATION CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Lansing Community College
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO



Financial Section

INDEPENDENT AUDITORS' REPORT

October 3, 2014

Board of Trustees
Lansing Community College
Lansing, Michigan**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of *Lansing Community College* (the "College") as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of *Lansing Community College* as of June 30, 2014 and 2013, and the respective results of their operations and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Restatement

As discussed in Note 13 to the financial statements, an error resulting in understatement of amounts previously reported for federal grants receivable and due from component unit as of June 30, 2013, were discovered by management of the College during the current year. Accordingly, amounts reported for federal grants receivable and due from component unit have been restated in the 2013 financial statements now presented, and an adjustment has been made to beginning net position as of July 1, 2012, to correct the error. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Additional Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated October 3, 2014 on our consideration of *Lansing Community College's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering *Lansing Community College's* internal control over financial reporting and compliance.

Rehmann Lobson LLC

LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2014 AND 2013

The discussion and analysis of Lansing Community College's financial statements provides an overview of the College's financial activities for the years ended June 30, 2014 and 2013. Management has prepared the fiscal 2014 and 2013 financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

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

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

Component Unit

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, requires that separate legal entities associated with a primary government that meet certain criteria are included with the financial statements of the Primary Reporting Unit.

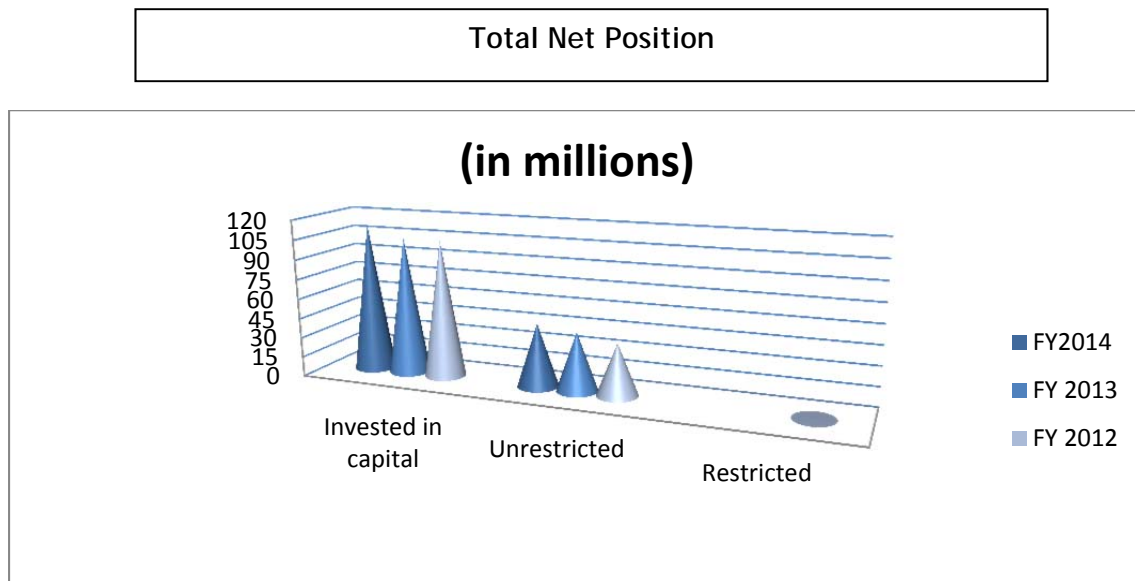
In compliance with this statement, the Lansing Community College Foundation is reported as a component unit of the College and its financial activities are presented separately from the rest of the College's activities in the Statements of Net Position and Revenues, Expenses and Changes in Net Position,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

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

Financial Highlights

The College's financial position improved during the fiscal year ended June 30, 2014, with an \$11.9 million increase in total net position. The two major categories of net position changed somewhat, as shown in the graph below. Total net position increased by \$11.9 million, net position invested in capital assets increased by \$11.0 million due to the capitalization of major portions of the *Build Forward* project. Unrestricted net position as shown here increased by approximately \$.9 million, from \$44.4 to \$45.3 million as a result of the increase in net position from current year operations.

The College's net position improved during the fiscal year ended June 30, 2013, with a \$5.4 million increase in total net position. The three major categories of net position changed somewhat, as shown in the graph below. While total net position increased by \$5.4 million, restricted net position declined by \$0.2 million due to assets being released from restriction. Unrestricted net position as shown here increased by approximately \$5.4 million, from \$39.0 to \$44.4 million as a result of the increase in net position from current year operations, and there was a \$0.2 million increase in net position invested in capital assets from \$104.3 million to \$104.5 million.



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 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 LCC's net position - the difference between assets plus 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, you will need to consider many other non-financial factors, such as the trend in College enrollment, student retention, condition of the buildings, and strength of the faculty.

Net Position (*in millions*) as of June 30

	2014	2013	Increase (Decrease) 2014-2013	2012	Increase (Decrease) 2013-2012
Current assets	\$ 55.8	\$ 53.2	\$ 2.6	\$ 47.3	\$ 5.9
Non-current assets					
Capital assets, net of depreciation	189.8	171.0	18.8	155.4	15.6
Other	16.8	35.5	(18.7)	7.6	27.9
Total non-current assets	206.6	206.5	0.1	163.0	43.5
Total assets	262.4	259.7	2.7	210.3	49.4
Deferred outflows of resources	1.3	1.5	(0.2)	1.0	0.5
Current liabilities	21.7	25.4	(3.7)	20.9	4.5
Long-term liabilities	81.2	86.9	(5.7)	46.9	40.0
Total liabilities	102.9	112.3	(9.4)	67.8	44.5
Net position					
Net investment in capital assets	115.5	104.5	11.0	104.3	0.2
Restricted	-	-	-	0.2	(0.2)
Unrestricted	45.3	44.4	0.9	39.0	5.4
Total net position	\$ 160.8	\$ 148.9	\$ 11.9	\$ 143.5	\$ 5.4

Fiscal Year 2014 Compared to 2013

The College increased its current assets by \$2.6 million primarily due to shortening investment maturities. The College net position increased by \$11.9 million. This is attributed to various operational efficiencies and a \$9.4 million increase from the receipt of State Appropriations for the *Build Forward* project. The College's capital assets, net of depreciation increased primarily from the capitalization of major portions of the *Build Forward* project. Other assets decreased due to shortening of investment maturities and payment of restricted bond proceeds for the *Build Forward* projects. Current liabilities decreased \$3.7 million primarily due to the timing of payroll and weekly check runs at year end. Long-term liabilities decreased as a result of debt payments.

Fiscal Year 2013 Compared to 2012

The College increased its current assets by \$5.9 million primarily due to the increase in net position and an adjustment to appropriations receivable for the MPSERS UAAL rate stabilization in the amount of \$1.1 million. The College net position increased by \$5.4 million. This is attributed to various operational efficiencies and a Foundation donation for capital activities. The College's capital assets, net of depreciation increased due to significant Construction in Progress related to major campus renovations. Other assets increased due to reinvestment into long-term investments because of favorable rates, and unspent proceeds from the 2012 bond issue.

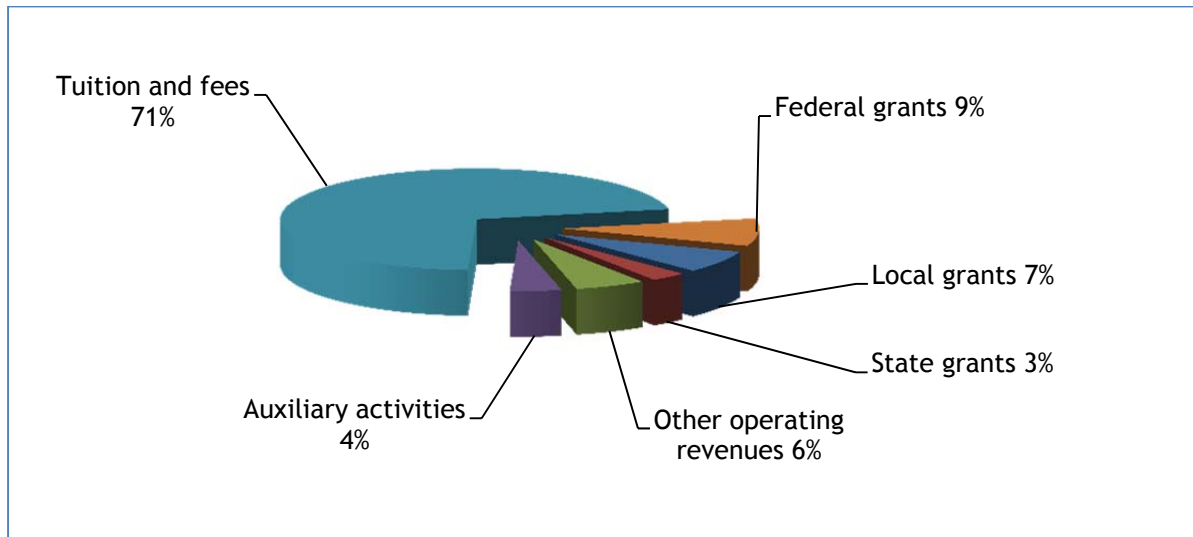
Operating Results (*in millions*) for the Years Ended June 30

	2014	2013	Increase (Decrease) 2014-2013	2012	Increase (Decrease) 2013-2012
Operating revenues:					
Tuition and fees (net of scholarship allowances)	\$ 28.6	\$ 29.4	\$ (0.8)	\$ 29.0	\$ 0.4
Federal grants and contracts	3.5	4.2	(0.7)	6.2	(2.0)
State grants and contracts	1.2	1.4	(0.2)	1.2	0.2
Local grants and contracts	2.8	3.0	(0.2)	2.9	0.1
Sales and services of educational activities	0.4	0.4	-	1.2	(0.8)
Sales and services of auxiliary activities	1.7	2.6	(0.9)	3.3	(0.7)
Miscellaneous	1.9	1.5	0.4	1.7	(0.2)
Total operating revenues	40.1	42.5	(2.4)	45.5	(3.0)
Operating expenses:					
Instruction	47.5	48.8	(1.3)	48.9	(0.1)
Public services	2.2	2.2	-	3.2	(1.0)
Instructional support	21.9	22.0	(0.1)	21.6	0.4
Student services	17.9	20.6	(2.7)	26.7	(6.1)
Institutional administration	16.6	13.0	3.6	12.0	1.0
Operation and maintenance of plant	17.0	17.0	-	17.9	(0.9)
Depreciation	7.0	8.7	(1.7)	8.2	0.5
Total operating expenses	130.1	132.3	(2.2)	138.5	(6.2)
Operating loss	(90.0)	(89.8)	(0.2)	(93.0)	3.2
Nonoperating revenues (expenses):					
State appropriations	32.8	30.7	2.1	28.7	2.0
Property tax levy	36.7	37.3	(0.6)	38.5	(1.2)
Pell Grant revenue	26.4	29.3	(2.9)	33.1	(3.8)
Other nonoperating expenses - net	(3.4)	(3.4)	-	(1.9)	(1.5)
Net nonoperating revenues	92.5	93.9	(1.4)	98.4	(4.5)
Other revenues:					
State capital appropriations	9.4	-	9.4	-	-
Capital gifts	-	1.3	(1.3)	-	1.3
Change in net position	11.9	5.4	6.5	5.4	-
Net position - beginning of year	148.9	143.5	5.4	138.1	5.4
Net position- end of year	\$ 160.8	\$ 148.9	\$ 11.9	\$ 143.5	\$ 5.4

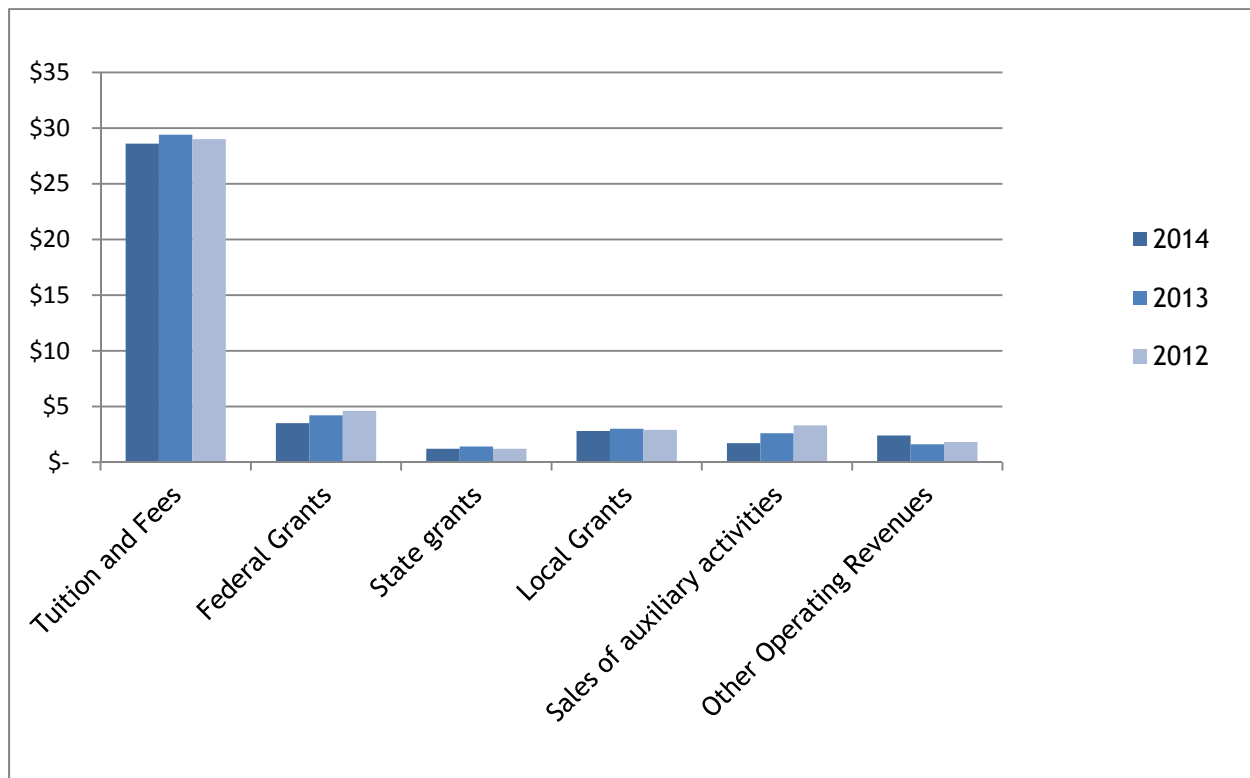
Operating Revenues

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

2014 Operating Revenues by Source



2014, 2013, 2012 Operating Revenues by Source (*in millions*)



Operating Revenues

Fiscal Year 2014 Compared to 2013

Operating revenue changes were the result of the following factors:

- Tuition and fee revenue decreased by \$0.8 million. The decrease is attributable to decline in enrollment.
- Federal grants and contracts decreased by \$0.7 million primarily due to close out of two grants and the reduction in grant amounts for four other grants totaling \$1.0 million offset by one new grant and an increase in another grant of \$0.3 million.
- State grants decreases by \$0.2 million due to the close out of one grant.
- Local grants decreased by \$0.2 million due to the decrease in the required match due to the decline in the Perkins federal grant.
- Auxiliary fund revenue decreased by \$0.9 million due to food service space being unavailable during College renovations and a change in parking fees for the Gannon Parking Ramp.

Fiscal Year 2013 Compared to 2012

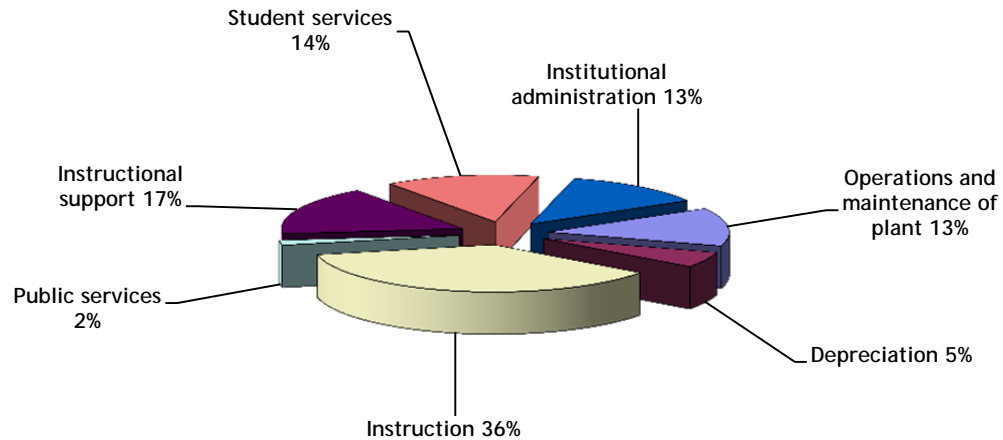
Operating revenue changes were the result of the following factors:

- Tuition and fee revenue increased by \$0.4 million. The increase is attributable to a decrease in the tuition allowance calculation due to a corresponding decrease in Pell.
- Federal grants and contracts decreased by \$2.0 million primarily due to the reduction in various grant expenses including the HIT Consortium and the Military to Paramedic Program and due to the timing of the outstanding billings to the federal grantor for draws for reimbursable expenses.
- Auxiliary fund revenue decreased by \$0.7 million due to food service space being unavailable during College renovations.

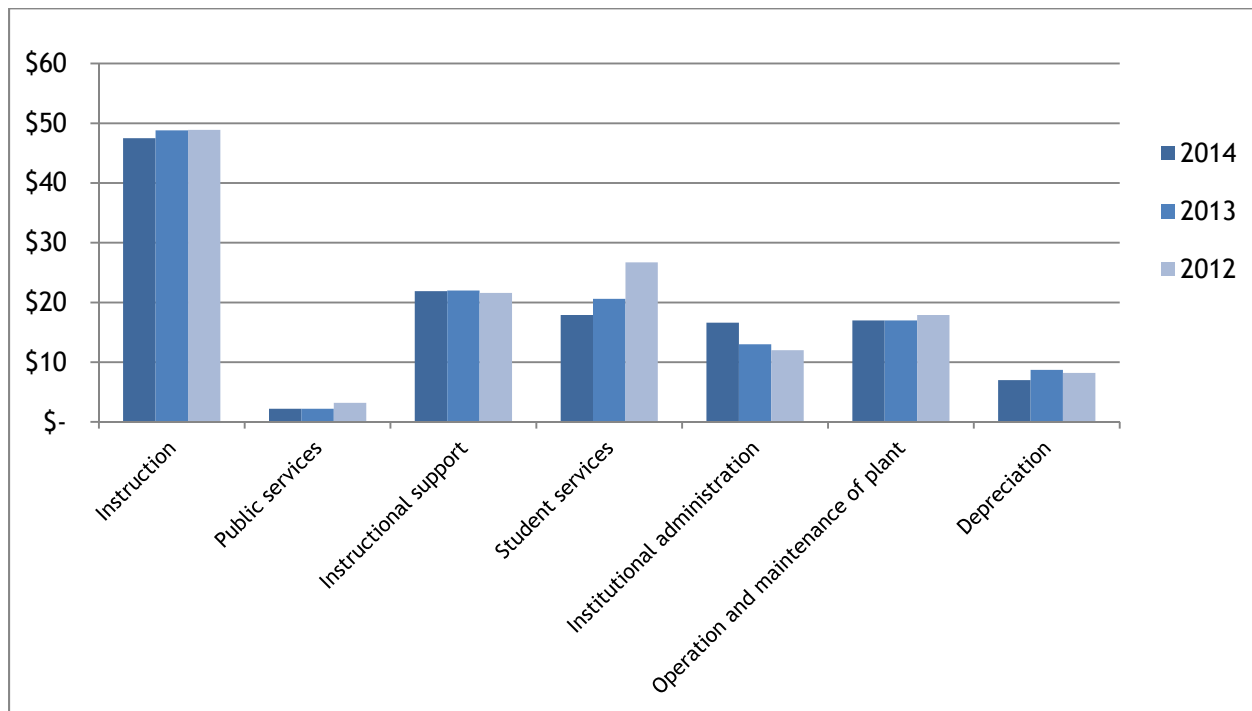
Operating Expenses

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

2014 Operating Expenses



2014, 2013, 2012 Operating Expenses by Function (*in millions*)



Fiscal Year 2014 Compared to 2013

Total operating expenses decreased by \$2.2 million. Factors that influence this decrease are:

- Instruction decreased by \$1.3 million due primarily to decreased salary and benefit costs.
- Student services decreased by \$2.7 million due primarily to a decrease in Pell grant expenses and close out of multi-year grants in 2013.
- Institutional administration increased by \$3.6 million due to increase in computer replacement costs, increased pension contributions, and increased bond interest payments.
- Depreciation decreased by \$1.7 million due to technical equipment and computer capital assets realizing their useful life and being fully depreciated in 2013.

Fiscal Year 2013 Compared to 2012

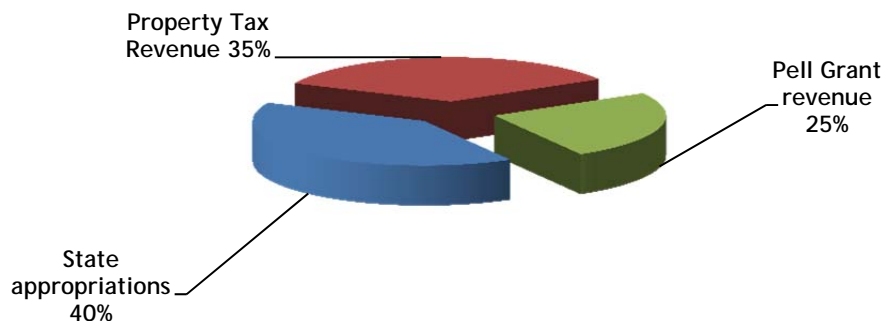
Total operating expenses decreased by \$6.2 million. Factors that influence this decrease are:

- Student services decreased by \$6.1 million due to a decrease in Pell expenses and planned operations efficiencies.
- Institutional administration increased by \$1.0 million due primarily to increased bond interest payments.
- Operations and maintenance of plant expenses decreased by \$0.9 million due to planned efficiencies and a decrease in areas to be maintained during College renovations.
- Depreciation increased by \$0.5 million due to the capitalization of assets from construction in progress from the prior year and equipment acquisitions.

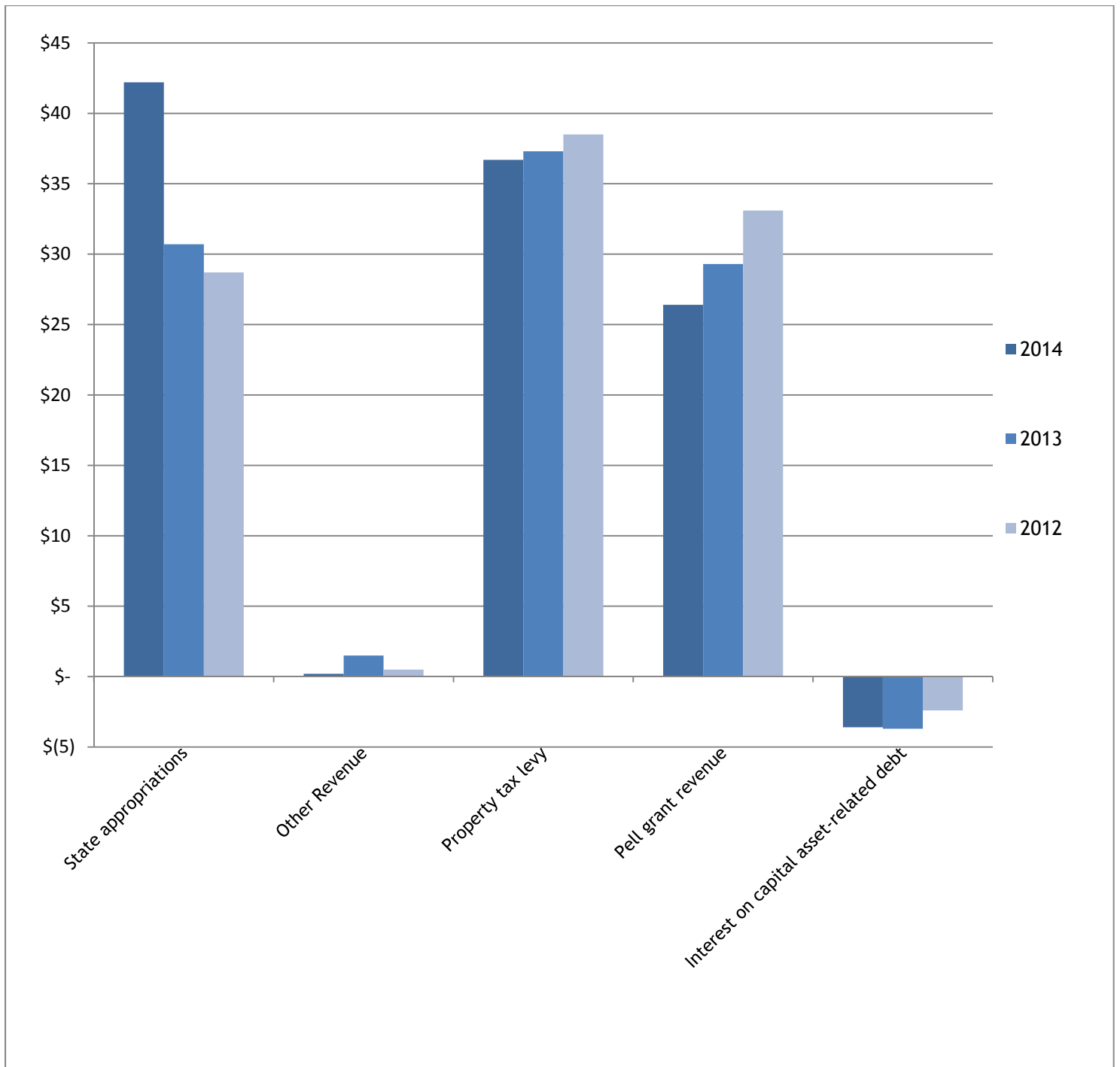
Non-Operating Revenues

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

2014 Non-operating & Other Revenue



2014, 2013, 2012 Net Non-Operating Revenue (in millions)



Fiscal Year 2014 Compared to 2013

Changes in non-operating revenues were the result of the following factors:

- Pell Grant awards decreased by \$2.9 million due to economic changes, and a decrease in enrollment.
- Decline of \$0.6 million in property tax revenue is due to a decline in taxable values.
- State appropriations increased \$11.5 million due to an increase of the state operational grant, increased appropriations for pension liability costs, and receiving \$9.4 million for capital projects.

Fiscal Year 2013 Compared to 2012

Changes in non-operating revenues were the result of the following factors:

- Pell awards decreased by \$3.8 million due to economic changes, and a decrease in enrollment.
- Investment return and other gains and other revenues increased by \$1.5 million primarily due to the \$1.3 million donation from the Foundation for capital renovations.
- Decline in property tax revenue is due to a decline in taxable values and a delay by the taxing authorities in processing appeals.
- State appropriations increased \$2.0 million due to economic changes and the UAAL rate stabilization payment.

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

	2014	2013	Increase (Decrease) 2014-2013	2012	Increase (Decrease) 2013-2012
Cash provided (used) by:					
Operating activities	\$ (86.7)	\$ (77.2)	\$ (9.5)	\$ (87.4)	\$ 10.2
Noncapital financing activities	96.4	96.0	0.4	99.4	(3.4)
Capital and related financing activities	(25.0)	13.1	(38.1)	(13.5)	26.6
Investing activities	(4.0)	3.3	(7.3)	(0.8)	4.1
Net (decrease) increase in cash	(19.3)	35.2	(54.5)	(2.3)	37.5
Cash, beginning of year	44.0	8.8	35.2	11.1	(2.3)
Cash, end of year	<u>\$ 24.7</u>	<u>\$ 44.0</u>	<u>\$ (19.3)</u>	<u>\$ 8.8</u>	<u>\$ 35.2</u>
	2014	2013	Increase (Decrease) 2014-2013	2012	Increase (Decrease) 2013-2012
Unrestricted cash	\$ 14.0	\$ 20.1	\$ (6.1)	\$ 8.8	\$ 11.3
Restricted cash	10.7	23.9	(13.2)	-	23.9
Total cash	<u>\$ 24.7</u>	<u>\$ 44.0</u>	<u>\$ (19.3)</u>	<u>\$ 8.8</u>	<u>\$ 35.2</u>

Fiscal Year 2014 Compared to 2013

The College's cash and cash equivalents decreased by \$19.3 million during 2014 primarily due to the use of restricted bond proceeds for the *Build Forward* initiative, the investment in short-term investments, and the decrease in the receipt of Pell grants.

Fiscal Year 2013 Compared to 2012

The College's cash and cash equivalents increased by \$35.2 million during 2013 primarily due to an increase in net position of \$5.4 million and an increase in cash due to the 2012 bond proceeds. In addition, there was a \$1.3 million capital gift from the Foundation for the *Build Forward* initiative.

Capital Assets and Debt Administration

Capital Assets

Fiscal Year 2014 Compared to 2013

As of June 30, 2014, the College had \$319.8 million invested in capital assets, net of accumulated depreciation of \$130.0 million, resulting in \$189.8 million in net capital assets. This investment in capital assets includes land, buildings, improvements, and equipment. The total increase in the College's net capital assets for the 2014 fiscal year is \$18.8 million. Annual depreciation for fiscal 2014 was \$7.0 million, which was offset by additions of \$25.8 million. Significant additions include the construction in progress related to the *Build Forward* projects and related purchases of furnishings.

Details of these assets at net book value for 2014, 2013, and 2012 are shown below (in millions):

	2014	2013	Increase (Decrease) 2014-2013	2012	Increase (Decrease) 2013-2012
Land	\$ 14.8	\$ 12.6	\$ 2.2	\$ 12.6	\$ -
Buildings and improvements	210.7	186.9	23.8	185.2	1.7
Furniture, fixtures and equipment	72.0	66.6	5.4	65.0	1.6
Infrastructure and land improvement:	3.8	3.4	0.4	3.3	0.1
Construction in progress	18.5	24.8	(6.3)	4.2	20.6
Total property and equipment	319.8	294.3	25.5	270.3	24.0
Less accumulated depreciation	130.0	123.3	8.4	114.9	8.4
Property and equipment, net	<u>\$ 189.8</u>	<u>\$ 171.0</u>	<u>\$ 18.8</u>	<u>\$ 155.4</u>	<u>\$ 15.6</u>

For more detailed information of capital assets activity, refer to Note 4, Property and Equipment, within the notes to financial statements section of this document (pages 39 and 40).

Fiscal Year 2013 Compared to 2012

As of June 30, 2013, the College had \$294.3 million invested in capital assets, net of accumulated depreciation of \$123.3 million, resulting in \$171.0 million in net capital assets. This investment in capital assets includes land, buildings, improvements, and equipment. The total increase in the College's net capital assets for the 2013 fiscal year was \$15.6 million. Annual depreciation for fiscal 2013 was \$8.7 million, which was offset by additions of \$0.9 million to depreciable capital assets and additions in construction in progress of \$23.4 million. Construction in progress includes major renovations to the Arts and Sciences and Gannon Buildings.

Debt

At year end, the College had \$86.4 million in outstanding debt including four outstanding bond issues. The 2005 bond issue will be paid off in May of 2017, the 2006 bond issue will be paid off in May of 2026, the 2007 bond issue will be paid off in May of 2026 and the 2012 bond issue will be paid off in May of 2032. The 2012 bond issue included \$13 million in escrow which paid off the 2003 bond issue and significantly changed the payoff date of the 2005 bond issue. The table below summarizes these amounts (in millions).

			Increase (Decrease)		Increase (Decrease)
	2014	2013	2014-2013	2012	2013-2012
2003 building & site bonds	\$ -	\$ -	\$ -	\$ 11.4	\$ (11.4)
2005 building & site bonds	12.5	16.9	(4.4)	22.5	(5.6)
2006 building & site bonds	8.1	8.5	(0.4)	8.9	(0.4)
2007 building & site bonds	8.1	8.4	(0.3)	8.7	(0.3)
2012 buidling & site bonds	57.6	57.7	(0.1)	-	57.7
National City note payable	0.1	0.4	(0.3)	0.6	(0.2)
Less current portion of long-term debt	(5.2)	(5.0)	(0.2)	(5.3)	0.3
Long-term debt, net of current portion	<u>\$ 81.2</u>	<u>\$ 86.9</u>	<u>\$ (5.7)</u>	<u>\$ 46.8</u>	<u>\$ 40.1</u>

For more detailed information on debt activity, refer to Note 6, Long-Term Liabilities within the notes to financial statements section of this document (pages 41 through 43).

Economic Factors That Will Affect the Future

In fiscal year 2002, Lansing Community College received more than \$32 million in state appropriations. Since that time, Michigan community colleges have experienced a continued decrease in state appropriations until fiscal year 2013. General Fund State appropriations increased from \$28.7 million in fiscal year 2012 to \$29.6 million in fiscal year 2013. General Fund State appropriations revenue for the fiscal year ended June 30, 2014 was \$32.4 million recovering to 2002 levels.

The current and projected economic outlook for Michigan includes an uncertain employment, and a slowly rebounding real estate market. While there has been some recovery in the auto industry the future remains uncertain.

Property tax revenue to the College decreased in 2014. 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 decline in the subsequent fiscal year as a result of a significant backlog in the processing of appeals by the tax authorities. In addition, the Michigan Legislature passed legislation which will cause major changes to the taxation of commercial and industrial personal property that could have an additional negative impact.

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 State statute and may be amended only by action of the State Legislature. The rates for the years ended June 30, 2014 and 2013 as a percentage of payroll ranged from 24.79 to 26.96 percent and 20.96 to 25.36 percent, respectively.

The College budgets approximately \$53 million in salaries and wages for employees who participate in MPERS therefore, each 1% increase in contribution rate equates to approximately \$530,000 more in retirement contribution costs.

The College anticipates an increase in benefit costs in Fiscal Year 2015 as a result of the pending implementation of the Affordable Care Act.

The College also anticipates additional costs in Fiscal Year 2015 as a result of GASB No. 68 and the reporting of net pension liability. However, this implementation will not have an impact on the College's cash flows or operations.

Contacting the College's Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office, Lansing Community College, 309 N. Washington Square, Suite 203, Lansing, Michigan 48933.

LANSING COMMUNITY COLLEGE

STATEMENTS OF NET POSITION JUNE 30, 2014 AND JUNE 30, 2013

	Primary Government Lansing Community College		Component Unit Lansing Community College Foundation	
	2014	2013	2014	2013
Assets				
Current assets				
Cash and cash equivalents	\$ 14,005,912	\$ 20,155,782	292,969	\$ 64,633
Short-term investments	24,901,543	15,290,530	32,715	111,720
Property taxes receivable, net	535,629	464,658	-	-
State appropriations receivable	5,901,226	6,419,065	-	-
Accounts receivable, net	6,094,304	7,097,318	82,811	82,902
Federal and state grants receivable	3,610,635	2,509,690	-	-
Inventories	163,130	73,631	-	-
Prepaid expenses and other assets	487,398	1,150,929	-	-
Due from Component Unit	88,761	84,424	-	-
Total current assets	55,788,538	53,246,027	408,495	259,255
Noncurrent assets				
Restricted cash - unspent bond proceeds	10,729,919	23,867,509	-	-
Long-term investments	6,041,548	11,563,829	10,443,164	9,549,843
Promises to give, net of current portion	-	-	-	82,604
Capital assets not being depreciated	33,346,894	37,483,127	-	-
Capital assets being depreciated, net	156,445,302	133,547,903	-	-
Total noncurrent assets	206,563,663	206,462,368	10,443,164	9,632,447
Total assets	262,352,201	259,708,395	10,851,659	9,891,702
Deferred outflows of resources				
Deferred charge on refunding	1,330,622	1,496,949	-	-
Liabilities				
Current liabilities				
Accounts payable	6,003,530	8,494,178	-	-
Due to primary government	-	-	88,761	84,424
Accrued payroll and other compensation	4,904,126	5,817,314	-	-
Accrued vacation	1,529,609	1,451,812	-	-
Accrued interest payable	586,800	709,119	-	-
Unearned revenue	3,408,606	3,864,562	-	-
Other current liabilities	41,841	41,841	-	-
Current portion of debt obligations	5,234,848	5,002,213	-	-
Total current liabilities	21,709,360	25,381,039	88,761	84,424
Noncurrent liabilities				
Long-term debt obligations, net of current portion	81,175,907	86,878,558	-	-
Other noncurrent liabilities	27,564	69,404	-	-
Total noncurrent liabilities	81,203,471	86,947,962	-	-
Total liabilities	102,912,831	112,329,001	88,761	84,424
Net position				
Net investment in capital assets	115,441,982	104,514,717	-	-
Restricted:				
Non-expendable - permanently restricted	-	-	6,633,971	6,419,027
Expendable - temporarily restricted	-	-	3,961,892	3,249,812
Unrestricted	45,328,010	44,361,626	167,035	138,439
Total net position	\$ 160,769,992	\$ 148,876,343	\$ 10,762,898	\$ 9,807,278

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, 2014 AND JUNE 30, 2013

	Primary Government Lansing Community College		Component Unit Lansing Community College Foundation	
	2014	2013	2014	2013
Operating revenues				
Tuition and fees (net of scholarship allowances of \$23,621,292 and \$25,389,469, respectively)	\$ 28,554,591	\$ 29,363,192	\$ -	\$ -
Federal grants and contracts	3,508,779	4,226,015	-	-
State grants and contracts	1,202,810	1,414,642	-	-
Local grants and contracts	2,842,918	3,028,011	-	-
Sales and services of educational activities	401,923	361,835	-	-
Sales and services of auxiliary activities	1,701,672	2,641,831	-	-
Job Training Programs	484,437	79,261	-	-
Miscellaneous	1,451,163	1,393,907	-	-
Total operating revenues	40,148,293	42,508,694	-	-
Operating expenses				
Instruction	47,495,410	48,827,540	-	-
Public services	2,162,257	2,196,929	-	-
Instructional support	21,917,746	22,020,718	-	-
Student services	17,926,228	20,559,075	-	-
Institutional administration	16,630,435	12,999,388	-	-
Operation and maintenance of plant	17,033,486	16,993,682	-	-
Depreciation	6,978,813	8,726,093	-	-
Foundation operations and fundraising	-	-	637,992	649,814
Total operating expenses	130,144,375	132,323,425	637,992	649,814
Operating loss	(89,996,082)	(89,814,731)	(637,992)	(649,814)
Nonoperating revenues (expenses)				
State appropriations	32,824,815	30,724,364	-	-
Property tax levy	36,718,154	37,294,876	-	-
Pell Grant revenue	26,380,689	29,347,419	-	-
Investment return and other gains	177,187	224,494	1,363,410	743,435
Interest on capital asset-related debt	(3,627,164)	(3,664,322)	-	-
Gifts	-	-	865,107	865,464
Payments to primary government	-	-	(813,943)	(1,865,802)
Net nonoperating revenues	92,473,681	93,926,831	1,414,574	(256,903)
Other revenues				
State capital appropriations	9,366,050	-	-	-
Capital gifts	50,000	1,300,000	-	-
Additions to permanent endowment funds	-	-	179,038	250,312
Total other revenues	9,416,050	1,300,000	179,038	250,312
Change in net position	11,893,649	5,412,100	955,620	(656,405)
Net position, beginning of year	148,876,343	143,464,243	9,807,278	10,463,683
Net position, end of year	\$ 160,769,992	\$ 148,876,343	\$ 10,762,898	\$ 9,807,278

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	Primary Government Lansing Community College	
	2014	2013
Cash flows from operating activities		
Tuition and fees	\$ 29,097,312	\$ 29,318,636
Grants and contracts	6,453,562	11,377,885
Payments to suppliers and students	(39,051,043)	(31,928,112)
Payments to or on behalf of employees	(87,337,108)	(91,471,524)
Educational enterprise charges	401,923	1,375,941
Auxiliary enterprise charges	1,806,555	2,641,831
Other	1,955,226	1,473,168
Net cash used in operating activities	(86,673,573)	(77,212,175)
Cash flows from noncapital financing activities		
Local property taxes	36,647,183	37,154,553
Pell Grant receipts	26,380,689	29,347,419
William D. Ford direct lending receipts	38,786,641	46,971,817
William D. Ford direct lending disbursements	(38,786,641)	(46,971,817)
State scholarship and grant receipts	1,162,671	2,059,048
State scholarship and grant disbursements	(1,162,671)	(2,059,048)
State appropriations	33,342,654	29,514,737
Net cash provided by noncapital financing activities	96,370,526	96,016,709
Cash flows from capital and related financing activities		
Purchase of capital assets	(25,766,376)	(24,192,367)
Principal paid on capital debt and other noncurrent obligations	(4,996,699)	(5,416,630)
Proceeds from issuance of bonds	-	44,652,173
Proceeds from sales of capital assets	81,980	82,892
Capital gifts	50,000	1,300,000
Discount on bonds	(2,757)	(591)
State capital appropriations	9,366,050	-
Interest paid on capital debt	(3,749,483)	(3,334,757)
Net cash (used in) provided by capital and related financing activities	(25,017,285)	13,090,720
Cash flows from investing activities		
Proceeds from sales and maturities of investments	35,250	15,267,384
Interest on investments	121,604	77,258
Purchases of investments	(4,123,982)	(12,025,750)
Net cash (used in) provided by investing activities	(3,967,128)	3,318,892
Net (decrease) increase in cash	(19,287,460)	35,214,146
Cash, beginning of year	44,023,291	8,809,145
Cash, end of year	\$ 24,735,831	\$ 44,023,291
Reconciliation to Statements of Net Position:		
Cash and cash equivalents	\$ 14,005,912	\$ 20,155,782
Restricted cash - unspent bond proceeds	10,729,919	23,867,509
Cash, end of year	\$ 24,735,831	\$ 44,023,291

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS (Concluded) YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	Primary Government Lansing Community College	
	2014	2013
Reconciliation of operating loss		
to net cash used in operating activities		
Operating loss	\$ (89,996,082)	\$ (89,814,731)
Adjustments to reconcile operating loss to net cash		
used in operating activities		
Depreciation	6,978,813	8,726,093
Amortization of bond issuance costs	-	572,360
Amortization of bond premium	(470,560)	(189,107)
Amortization of loss on refunding	166,327	166,327
(Increase) decrease in operating assets:		
Accounts receivable, net	998,677	(485,633)
Federal and state grants receivable	(1,100,945)	2,683,836
Inventories	(89,499)	38,167
Prepaid expenses and other current assets	663,531	(478,780)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	(2,532,488)	2,658,446
Accrued payroll and other compensation	(913,188)	(1,345,820)
Accrued vacation	77,797	(184,410)
Unearned revenue	(455,956)	441,077
Net cash used in operating activities	<u>\$ (86,673,573)</u>	<u>\$ (77,212,175)</u>

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

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Lansing Community College (the “College”) have been prepared in accordance with generally accepted accounting principles (“GAAP”) as applicable to public colleges and universities as described in Governmental Accounting Standards Board (“GASB”) Statement No. 35 and the *Manual for Uniform Financial Reporting—Michigan Public Community Colleges* (the “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 (the “Foundation”) meets the criteria of a component unit.

Lansing Community College 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, 2014 and 2013, the Foundation distributed \$813,943 and \$1,865,802, respectively, to the College for both restricted and unrestricted purposes. Complete financial statements prepared in accordance with accounting standards established by the Financial Accounting Standards Board for the Foundation can be obtained from the Administrative Office at 309 N. Washington, Suite 203, Lansing, Michigan, 48933.

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

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

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

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

C. Cash and Cash Equivalents

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

D. Investments

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

E. Inventories

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

F. Accounts Receivable

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

G. Property and Equipment

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

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

Buildings and major building improvements are depreciated using a 10% salvage value. The College's capitalization policy is to capitalize property 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 Furniture and Equipment caption in Note 4.

H. Prepaid Expenses and Other Assets

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

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

I. 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, and Pell Grant revenue are components of nonoperating and other revenues. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted resources are available to satisfy an expense.

Revenues received prior to year-end that are related to the next fiscal period are recorded as unearned revenues. Unearned revenue relates primarily to student tuition and fees on the summer semester and student deposits. The 2014 summer semester began June 6, 2014 and ended August 3, 2014. The 2013 summer semester began June 6, 2013 and ended August 4, 2013.

J. Property Tax Levy

Property taxes levied by the College are collected by various municipalities and periodically remitted to the College. The taxes are levied as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. Property tax revenues are recognized when levied to the extent that they are determined to be collectible. Property taxes receivable are recorded net of an allowance for uncollectibles. For the years ended June 30, 2014 and 2013, the College levied 3.8072 mills per \$1,000 of assessed valuation for general operations.

In August 2010, the College became aware of a property tax settlement between Delta Township and General Motors which resulted in a tax refund that will be repaid by reducing the levy to General Motors over a period of 5 years. The refundable amount of \$69,405 and \$111,245 has been recorded within other liabilities in the accompanying statements of net position at June 30, 2014 and June 30, 2013, respectively.

K. State Appropriations Revenue

State appropriations revenue has been recorded in accordance with the MUFR.

L. 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.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

M. 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, 2014 and 2013 is classified as a current liability in the accompanying statements of net position.

N. Long-Term Obligations

In the College's financial statements, long-term debt and other long-term 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.

O. 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.

P. Use of Estimates

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

Q. 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.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

R. New and Upcoming Accounting Pronouncements

Effective with the fiscal year ended June 30, 2013, the College adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and early adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements introduce and define those elements as a consumption of net assets by the College that is applicable to a future reporting period, and an acquisition of net assets by the College that is applicable to a future reporting period, respectively. The standards also incorporate deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. In accordance with these standards, the College has modified the presentation of the statements of Net Position and has reported deferred outflows of resources from refundings of debt at June 30, 2014 and 2013 in accordance with the standard.

The Governmental Accounting Standards Board has issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which will be effective for the College's fiscal year ending June 30, 2015. This statement will require the recognition of a net pension liability on the statement of net position, equal to the College's proportionate share of the net pension liability of the Michigan Public School Employees Retirement System (MPERS), as defined and calculated in accordance with the new standard. While the exact amount of this liability is not readily determinable at this time, management estimates that it may approximate \$143.4 million. This statement will require the net pension liability to be recorded for the year ending June 30, 2015, by restating beginning net position as of July 1, 2014.

S. Reclassifications

Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

2. DEPOSITS AND INVESTMENTS

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

	2014	2013
Cash and cash equivalents	\$ 14,005,912	\$ 20,155,782
Short-term investments (certificates of deposit)	24,901,543	15,290,530
Restricted cash	10,729,919	23,867,509
Long-term investments (certificates of deposit)	<u>6,041,548</u>	<u>11,563,829</u>
	<u>\$ 55,678,922</u>	<u>\$ 70,877,650</u>

The College did not hold any investment securities as of June 30, 2014 or 2013.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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 certificates of deposit have scheduled maturities as follows as of June 30:

2014	Less Than One Year	One to Five Years	Total
Certificates of deposit	<u>\$ 24,901,543</u>	<u>\$ 6,041,548</u>	<u>\$ 30,943,091</u>

2013	Less Than One Year	One to Five Years	Total
Certificates of deposit	<u>\$ 15,290,530</u>	<u>\$ 11,563,829</u>	<u>\$ 26,854,359</u>

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.

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.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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, 2014, \$0 of the College's bank balance of \$55,665,898 was uninsured and uncollateralized. At June 30, 2013, \$0 of the College's bank balance of \$70,863,475 was uninsured and uncollateralized. The College does have over \$10,000,000 at one institution as of June 30, 2014 and 2013. That institution collateralizes the College's balances with U.S. Treasury Notes.

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

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.

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

1. Bonds, bills or notes of the United States (or of an agency or instrumentality of the United States) or obligations of this state.
2. Negotiable certificates of deposit, savings accounts, or other interest earning deposit accounts of a financial institution. As used in this subdivision, "financial institution" means a bank that is a member of the Federal Deposit Insurance Corporation, a savings and loan association that is a member of the Federal Savings and Loan Insurance Corporation, or a credit union whose deposits are insured by the National Credit Union Administration that have their principal office or a branch office in Michigan and which otherwise meets the requirement imposed by law.
3. Bankers' acceptances that are issued by a bank that is a member of the Federal Deposit Insurance Corporation.
4. Commercial paper that is supported by an irrevocable letter of credit issued by a bank that is a member of the Federal Deposit Insurance Corporation.
5. Commercial paper of corporations rated prime by at least one of the standard rating services.
6. Mutual funds, trusts or investment pools composed entirely of instruments that are eligible collateral.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

7. Repurchase agreements against eligible collateral of the type specified in subsection (1) hereof, the market value of which must be maintained during the life of the agreements at levels equal to or greater than the amounts advanced. An undivided interest in the instruments pledged for these agreements must be granted to the College and the securities held by an independent custodial bank for the College without any right of set off. The repurchase agreement may allow for the substitution of collateral but shall not otherwise allow for the pledging or transfer of such collateral.
8. Investment pools, as authorized by the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118, composed entirely of instruments that are legal for direct investment by a community college.

3. PROPERTY TAXES AND ACCOUNTS RECEIVABLE

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

	2014	2013
Property taxes receivable	\$ 4,457,568	\$ 3,537,596
Less allowance for doubtful collection	<u>(3,921,939)</u>	<u>(3,072,938)</u>
Property taxes receivable, net	<u>\$ 535,629</u>	<u>\$ 464,658</u>

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

	2014	2013
Accounts receivable	\$ 20,443,431	\$ 18,288,212
Less allowance for doubtful collection	<u>(14,349,127)</u>	<u>(11,190,894)</u>
Accounts receivable, net	<u>\$ 6,094,304</u>	<u>\$ 7,097,318</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY AND EQUIPMENT

Capital assets activity for the years ended June 30, 2014 and 2013 follows:

	Beginning Balance July 1, 2013	Additions	Deletions	Transfers	Ending Balance June 30, 2014
Assets not being depreciated:					
Land	\$ 12,661,037	\$ -	\$ -	\$ 2,163,109	\$ 14,824,146
Construction in progress	24,822,090	23,372,392	-	(29,671,734)	18,522,748
Total capital assets not being depreciated	37,483,127	23,372,392	-	(27,508,625)	33,346,894
Capital assets being depreciated:					
Buildings and improvements	186,947,505	-	-	23,732,280	210,679,785
Furniture and equipment	66,475,453	2,364,378	(254,488)	3,444,879	72,030,222
Infrastructure and improvements	3,399,926	29,606	-	331,466	3,760,998
Total capital assets being depreciated	256,822,884	2,393,984	(254,488)	27,508,625	286,471,005
Less accumulated depreciation:					
Buildings and improvements	59,891,230	5,055,550	-	(882,132)	64,064,648
Furniture and equipment	61,830,858	1,652,487	(228,091)	(448,409)	62,806,845
Infrastructure and improvements	1,552,893	270,776	-	1,330,541	3,154,210
Total accumulated depreciation	123,274,981	6,978,813	(228,091)	-	130,025,703
Capital assets being depreciated, net	133,547,903	(4,584,829)	(26,397)	27,508,625	156,445,302
Property and equipment, net	\$ 171,031,030	\$ 18,787,563	\$ (26,397)	\$ -	\$ 189,792,196

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

	Beginning Balance July 1, 2012	Additions	Deletions	Transfers	Ending Balance June 30, 2013
Assets not being depreciated:					
Land	\$ 12,661,038	\$ -	\$ -	\$ -	\$ 12,661,038
Construction in progress	4,242,173	23,423,037	-	(2,843,121)	24,822,089
Total capital assets not being depreciated	16,903,211	23,423,037	-	(2,843,121)	37,483,127
Capital assets being depreciated:					
Buildings and improvements	185,189,099	123,127	-	1,635,279	186,947,505
Furniture and equipment	65,032,539	623,027	(365,155)	1,185,042	66,475,453
Infrastructure and improvements	3,204,561	172,565	-	22,800	3,399,926
Total capital assets being depreciated	253,426,199	918,719	(365,155)	2,843,121	256,822,884
Less accumulated depreciation:					
Buildings and improvements	54,772,651	5,118,579	-	-	59,891,230
Furniture and equipment	58,592,413	3,603,600	(365,155)	-	61,830,858
Infrastructure and improvements	1,548,979	3,914	-	-	1,552,893
Total accumulated depreciation	114,914,043	8,726,093	(365,155)	-	123,274,981
Capital assets being depreciated, net	138,512,156	(7,807,374)	-	2,843,121	133,547,903
Property and equipment, net	\$ 155,415,367	\$ 15,615,663	\$ -	\$ -	\$ 171,031,030

As of June 30, 2014, construction in progress reflected amounts expended for the Gannon building renovations, Arts & Sciences building renovations Phase 2, and Infrastructure Upgrade, which were not yet completed as of June 30, 2014. As of June 30, 2014, the College had approximately \$7.4 million of construction commitments outstanding related to these projects.

5. UNEARNED REVENUE

Unearned revenue at June 30 consists of the following:

	2014	2013
Student tuition and fees	\$ 3,006,008	\$ 3,435,773
Student deposits	126,328	99,483
Contracted training deposits	75,287	-
Restricted funds	200,983	329,306
Total	\$ 3,408,606	\$ 3,864,562

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 91,488,710	\$ -	\$ 5,177,803	\$ 86,310,907	\$ 5,135,000
Note payable	392,061	-	292,213	99,848	99,848
Property tax refundable	111,245	-	41,840	69,405	41,841
Total long-term liabilities	<u>\$ 91,992,016</u>	<u>\$ -</u>	<u>\$ 5,511,856</u>	<u>\$ 86,480,160</u>	<u>\$ 5,276,689</u>

Long-term liabilities activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 51,428,711	\$ 57,849,696	\$ 17,789,697	\$ 91,488,710	\$ 4,710,000
Note payable	673,970	-	281,909	392,061	292,213
Property tax refundable	153,087	-	41,842	111,245	41,841
Total long-term liabilities	<u>\$ 52,255,768</u>	<u>\$ 57,849,696</u>	<u>\$ 18,113,448</u>	<u>\$ 91,992,016</u>	<u>\$ 5,044,054</u>

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

	2014	2013
2005 building and site and refunding bonds due in installments of \$280,000 to \$3,575,000 through May 1, 2017 plus interest at 4.1% to 5.0% (partially refunded during fiscal 2013; see below)	\$ 11,740,000	\$ 15,435,000
2006 general obligation limited tax bonds due in installments of \$385,000 to \$875,000 through May 1, 2026 plus interest at 3.7% to 3.9%	8,070,000	8,485,000

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

	2014	2013
2007 general obligation limited tax bonds due in installments of \$275,000 to \$900,000 through May 1, 2026 plus interest at 4.0 to 4.3%	\$ 8,150,000	\$ 8,425,000
2012 building and site and refunding bonds, due in installments of \$80,000 to \$5,240,000 through May 1, 2032 plus interest at 2.0% to 5.0%	49,895,000	50,220,000
Plus: premium on bonds	8,488,996	8,959,556
Less: discount on bonds	<u>(33,089)</u>	<u>(35,846)</u>
Total bonded debt	86,310,907	91,488,710
Note payable - bank, secured by equipment, with monthly payments of \$25,152 including interest at 3.65%, maturing October 2014	<u>99,848</u>	<u>392,061</u>
Total long-term debt obligations	<u>\$ 86,410,755</u>	<u>\$ 91,880,771</u>

Scheduled principal and interest requirements of bonds and notes payable for years succeeding June 30, 2014 are summarized as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$ 5,234,848	\$ 3,521,588	\$ 8,756,406
2016	5,215,000	3,365,970	8,580,970
2017	5,965,000	3,124,520	9,089,520
2018	3,730,000	2,766,508	6,496,508
2019	3,905,000	2,594,808	6,499,808
2020-2024	17,945,000	10,587,088	28,532,088
2025-2029	20,975,000	6,536,128	27,511,128
2030-2033	<u>14,985,000</u>	<u>1,522,750</u>	<u>16,507,750</u>
	77,954,848	34,019,330	111,974,178
Premium on bonds	8,488,996	-	8,488,996
Discount on bonds	<u>(33,089)</u>	<u>-</u>	<u>(33,089)</u>
Total as of June 30, 2014	<u>\$ 86,410,755</u>	<u>\$ 34,019,330</u>	<u>\$ 120,430,085</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Scheduled principal and interest requirements of bonds and notes payable for years succeeding June 30, 2013 are summarized as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2014	\$ 5,002,213	\$ 3,749,483	\$ 8,781,696
2015	5,234,848	3,521,558	8,756,406
2016	5,215,000	3,365,970	8,580,970
2017	5,965,000	3,124,520	9,089,520
2018	3,730,000	2,766,508	6,496,508
2019-2023	18,150,000	11,376,270	29,526,270
2024-2028	20,150,000	7,366,254	27,516,254
2029-2032	<u>19,510,000</u>	<u>2,498,250</u>	<u>22,008,250</u>
	82,957,061	37,768,813	120,725,874
Premium on bonds	8,959,556	-	8,959,556
Discount on bonds	<u>(35,846)</u>	<u>-</u>	<u>(35,846)</u>
Total as of June 30, 2013	<u>\$ 91,880,771</u>	<u>\$ 37,768,813</u>	<u>\$ 129,649,584</u>

Interest is payable semi-annually on the bonds payable and monthly on the note payable. The principal and interest are generally payable from the College's nonoperating revenues. Certain bonds are callable at par and accrue interest plus a premium. Total interest charged to expense for the years ended June 30, 2014 and 2013 was \$3,627,164 and \$3,664,322, respectively.

During fiscal year 2013, Lansing Community College advance refunded \$10,575,000 of 2003 building and site and refunding bonds and \$1,890,000 of 2005 building and site and refunding bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments on \$12,465,000 of refunded debt. As a result, the certificates are considered defeased and the liabilities have been removed from the statement of net position. The refunding resulted in a savings of \$1,780,883 and an economic gain of \$1,545,286. The 2003 series defeased bonds were then called prior to June 30, 2013. At June 30, 2014 and 2013, \$1,890,000 of the series 2005 bonds outstanding were considered defeased.

7. EMPLOYEE RETIREMENT SYSTEM

Plan Description

The College contributes to the Michigan Public School Employees Retirement System (MPERS), a collection of several retirement plans administered by the State of Michigan Department of Management and Budget, Office of Retirement Systems. MPERS provides retirement, survivor and disability benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by state statute. The Office of Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30026, Lansing, Michigan, 48909 or by calling (517) 322-5103.

Funding Policy

Member contribution rates vary based on date of hire and certain voluntary elections. *Member Investment Plan ("MIP")* members enrolled in MIP prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 through June 30, 2008 contribute at the following graduated permanently fixed contribution rates: 3 percent of the first \$5,000; 3.6 percent of \$5,001 through \$15,000; 4.3 percent of all wages over \$15,000. Members first hired July 1, 2008 through June 30, 2010 contribute at the following graduated permanently fixed contribution rates: 3.0 percent of the first \$5,000; 3.6 percent of \$5,001 through \$15,000; 6.4 percent of all wages over \$15,000.

Basic Plan members make no contributions. Members first enrolled on or after July 1, 2010 are enrolled in the MIP Plus Plan. Member contributions are matched at a rate of 50 percent by the employer, up to a maximum of one percent. *Basic 4%* and *MIP 7%* members contribute 4 percent and 7 percent of pretax salary, respectively. Based on the option selected at enrollment, these individuals contribute at a fixed rate until termination of employment or until reaching 30 years of service. At that time, based on the option selected, employee contributions are no longer required or revert to the contribution requirements under the MIP plan in which the employee initially enrolled.

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 rates for the years ended June 30, 2014 and 2013 as a percentage of payroll ranged from 24.79 to 26.96 and from 20.96 to 25.36 percent, respectively.

The contribution requirements of plan members and the College are established by Michigan State statute and may be amended only by action of the State Legislature. The College's contributions to MPSERS under all plans for the years ended June 30, 2014, 2013, and 2012 were \$12,067,205, \$12,264,763 and \$12,584,032, respectively, equal to the required contributions for each year.

In addition, the College is invoiced monthly an amount that approximates 4.56 percent of covered payroll for "MPSERS UAAL Stabilization". This additional contribution is offset by monthly State aid payments equal to the amounts actually billed by the Office of Retirement Services. The College's contributions related to these payments were \$2,521,430 and \$1,085,427 for the years ended June 30, 2014 and 2013, respectively.

Other Postemployment Benefits

Retirees enrolled in MPSERS before September 4, 2012 have the option of participating in the Premium Subsidy plan, a defined benefit postemployment healthcare plan, which is funded by employers on a cash disbursement basis. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension. Plan participants contribute 3 percent of covered payroll to the Retiree Healthcare Fund. At retirement, these individuals receive a subsidy for healthcare premiums that cover up to 80 percent of cost.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Plan members enrolled on or after September 4, 2012 participate in the Personal Healthcare Fund. This defined contribution other postemployment benefits plan includes a required 2 percent employee contribution into a personal tax-deferred account, which is matched by an additional 2 percent employer contribution. Employees are fully vested in these contributions which can be used, along with earnings thereon, to pay for postemployment healthcare expenses. Plan members working prior to September 4, 2012 were given the option to convert from the Premium Subsidy plan to the Personal Healthcare Fund option. Effective February 1, 2013, these members are no longer required to make the 3 percent employee contribution.

Amounts paid into the Retiree Healthcare Fund between September 4, 2012 and February 1, 2013 were credited to each individual's Personal Healthcare Fund account. Any contributions made prior to September 4, 2012 are pending a Supreme Court resolution.

The College's contributions to MPSERS for other postemployment benefits are not separately identified and are included in the contribution amounts disclosed above.

Other

Per MPSERS' comprehensive annual financial report as of September 30, 2013, the unfunded actuarial accrued liability ("UAAL") for other postemployment benefits ("OPEB/Healthcare") for MPSERS is \$13.4 billion, and the ratio of the UAAL to covered payroll is 155.4%.

For fiscal year ended June 30, 2014, Lansing Community College had approximately \$53.7 million of covered payroll. Applying the MPSERS ratio of the UAAL to Lansing Community College's covered payroll results in an estimated share of the UAAL for OPEB Healthcare of \$83.5 million.

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 99 and 89 participants at June 30, 2014 and 2013, 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, 2014 were \$333,342 and \$930,257, respectively. The participant and College contributions to ORP for the year ended June 30, 2013 were \$310,979 and \$867,850, respectively.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

9. UNRESTRICTED NET POSITION

The College has designated the use of unrestricted net position at June 30 as follows:

	2014	2013
Auxiliary activities	\$ 3,030,549	\$ 4,138,079
Encumbrances	1,330,325	899,134
Plant improvement	13,893,484	15,434,793
Undesignated	<u>27,073,652</u>	<u>23,889,620</u>
Total unrestricted net position	<u>\$ 45,328,010</u>	<u>\$ 44,361,626</u>

10. LEASES

The College conducts a portion of its operations with leased property, including a parking structure and a building. Net rental expense on these operating leases was \$610,111 and \$598,164 for fiscal 2014 and 2013, respectively.

The following is a schedule of annual future minimum lease payments required under these non-cancelable operating leases as of June 30, 2014:

Year	Amount
2015	\$ 790,479
2016	314,733
2017	<u>63,306</u>
Total minimum payments due	<u>\$ 1,168,518</u>

11. RISK MANAGEMENT

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

The Middle Cities Risk Management Trust (the "Trust") provides a single multi-peril contract under which the members are covered for various types of risk including auto, property and liability. Contributions for premiums received from members are recorded as revenue by the Trust. Claim losses, along with excess insurance premiums and services fees, are recorded as expenses by the Trust. The estimated total costs of claim losses are accrued by the Trust. To the extent the group's contributions are deemed to exceed claim losses and other costs, the excess amount is refunded to the members by the Trust. If necessary, funding deficits in individual policy years are recovered through additional member contributions assessed to members of that policy year.

LANSING COMMUNITY COLLEGE

■ NOTES TO FINANCIAL STATEMENTS

■ 12. CONTINGENCIES

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

■ 13. RESTATEMENT

The financial statements as of and for the year ended June 30, 2013, have been restated to properly account for unrecorded assets. A detailed review of grants and billing records by management uncovered amounts that should have been recorded as federal grants receivable and due from component unit based on governmental accounting standards.

The corrections to the College's fiscal 2013 financial statements resulted in an increase of \$1,633,057 in federal grants receivable and an increase of \$25,381 in due from component unit with a corresponding increase of \$25,381 in unrestricted net position. There was no impact on the statement of cash flows. The corrections to the Foundation's fiscal year 2013 financial statements resulted in an increase of \$59,745 in due to primary government with a corresponding decrease of \$59,745 in unrestricted net position.

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Statistical Section

LANSING COMMUNITY COLLEGE

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

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

LANSING COMMUNITY COLLEGE
FINANCIAL TRENDS
Statements of Revenues, Expenses and Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES										
Tuition and fees (net of scholarships allowances)	\$28,554,591	\$29,363,192	\$28,979,245	\$29,649,088	\$27,265,422	\$29,903,915	\$30,337,889	\$26,232,399	\$27,583,208	\$21,388,720
Federal grants and contracts	3,508,779	4,226,015	4,610,027	4,919,228	4,405,710	4,326,131	4,161,928	4,738,870	32,836,910	27,827,169
State grants and contracts	1,202,810	1,414,642	1,236,128	308,623	589,955	1,158,988	1,170,917	1,856,065	5,634,449	4,575,191
Local grants and contracts	2,842,918	3,028,011	2,936,104	2,994,464	2,452,566	2,149,412	2,774,743	1,526,458	1,428,950	1,435,047
Sales and services of educational activities (1)	401,923	361,835	1,207,875	1,274,118	1,352,067	1,644,901	1,269,628	2,347,778	2,691,093	2,603,223
Sales and services of auxiliary activities	1,701,672	2,641,831	3,303,012	2,981,292	2,992,370	3,338,948	2,872,679	2,624,492	2,478,900	1,610,893
Miscellaneous	1,935,600	1,473,168	1,643,600	1,592,534	1,263,106	1,089,933	358,168	258,154	87,868	179,355
Total operating revenues	<u>40,148,293</u>	<u>42,508,694</u>	<u>43,915,991</u>	<u>43,719,347</u>	<u>40,321,196</u>	<u>43,612,228</u>	<u>42,945,952</u>	<u>39,584,216</u>	<u>72,741,378</u>	<u>59,619,598</u>
OPERATING EXPENSES										
Instruction	47,495,410	48,827,540	48,921,597	47,627,872	46,403,697	46,654,529	43,283,246	39,862,366	38,379,956	36,707,105
Information technology (2)	-	-	-	-	-	-	-	5,796,646	7,772,956	6,189,584
Public services	2,162,257	2,196,929	3,164,438	2,980,456	3,094,673	3,188,632	3,022,360	1,842,137	1,865,518	802,405
Instructional support	21,917,746	22,020,718	21,545,150	21,211,978	22,386,779	22,732,391	20,447,472	19,147,107	17,074,691	16,441,751
Student services (1) (3)	17,926,228	20,559,075	26,742,055	29,539,633	26,913,778	19,182,351	17,729,457	16,774,351	38,255,517	33,083,298
Institutional administration (1)	16,630,435	12,999,388	12,029,791	11,679,996	11,245,916	14,026,044	8,841,887	8,038,973	9,292,787	11,026,050
Operation and maintenance of plant (1) (3)	17,033,486	16,993,682	17,927,676	18,855,091	17,827,998	19,449,921	16,306,000	14,133,693	14,057,156	11,558,577
Depreciation expense	6,978,813	8,726,093	8,170,195	9,091,813	9,414,522	8,949,125	7,680,791	8,678,276	7,797,489	9,219,598
Total operating expenses	<u>130,144,375</u>	<u>132,323,425</u>	<u>138,500,902</u>	<u>140,986,839</u>	<u>137,287,363</u>	<u>134,182,993</u>	<u>117,311,213</u>	<u>114,273,549</u>	<u>134,496,070</u>	<u>125,028,368</u>
Operating loss	<u>(89,996,082)</u>	<u>(89,814,731)</u>	<u>(94,584,911)</u>	<u>(97,267,492)</u>	<u>(96,966,167)</u>	<u>(90,570,765)</u>	<u>(74,365,261)</u>	<u>(74,689,333)</u>	<u>(61,754,692)</u>	<u>(65,408,770)</u>
NONOPERATING REVENUES (EXPENSES)										
State appropriations	32,824,815	30,724,364	28,651,900	29,762,500	29,762,500	29,762,500	31,810,203	25,019,900	28,323,200	29,243,500
Property tax levy	36,718,154	37,294,876	38,543,630	40,359,554	41,681,996	42,147,127	41,722,075	39,394,072	38,133,388	36,106,835
Pell Grant revenue	26,380,689	29,347,419	33,125,802	37,215,746	32,548,966	17,684,893	13,428,753	11,772,511	-	-
Investment return and other gains	177,187	224,494	509,745	195,154	82,155	437,689	1,244,354	1,018,574	667,871	432,038
Interest on capital asset - related debt	(3,627,164)	(3,664,322)	(2,403,409)	(2,725,686)	(2,936,962)	(3,097,828)	(3,241,375)	(2,888,177)	(2,517,177)	(1,521,755)
Other	-	-	-	-	-	-	-	(22,830)	321,656	146,425
Net nonoperating revenues	<u>92,473,681</u>	<u>93,926,831</u>	<u>98,427,668</u>	<u>104,807,268</u>	<u>101,138,655</u>	<u>86,934,381</u>	<u>84,964,010</u>	<u>74,294,050</u>	<u>64,928,938</u>	<u>64,407,043</u>
OTHER REVENUES										
State capital appropriations	9,366,050	-	-	-	-	1,092,736	2,532,140	1,592,206	281,190	1,195,326
Capital gifts	50,000	1,300,000	-	-	-	-	1,089,597	-	-	-
Total other revenues	<u>9,416,050</u>	<u>1,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,092,736</u>	<u>3,621,737</u>	<u>1,592,206</u>	<u>281,190</u>	<u>1,195,326</u>
Total change in net position	<u>11,893,649</u>	<u>5,412,100</u>	<u>3,842,757</u>	<u>7,539,776</u>	<u>4,172,488</u>	<u>(2,543,648)</u>	<u>14,220,486</u>	<u>1,196,923</u>	<u>3,455,436</u>	<u>193,599</u>
NET POSITION, beginning of year (4)	<u>148,876,343</u>	<u>143,464,243</u>	<u>137,988,429</u>	<u>130,448,653</u>	<u>126,276,165</u>	<u>128,819,813</u>	<u>114,599,327</u>	<u>113,402,404</u>	<u>109,946,968</u>	<u>109,753,369</u>
NET POSITION, end of year	<u>\$ 160,769,992</u>	<u>\$ 148,876,343</u>	<u>\$ 141,831,186</u>	<u>\$ 137,988,429</u>	<u>\$ 130,448,653</u>	<u>\$ 126,276,165</u>	<u>\$ 128,819,813</u>	<u>\$ 114,599,327</u>	<u>\$ 113,402,404</u>	<u>\$ 109,946,968</u>

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

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

(2) In 2010, per the State of Michigan ACS Reporting Manual, the 2.0 Information Technology category was eliminated. Per recommendation from The State of Michigan, these expenses were reallocated to Instruction, Instructional Support, Student Services, and Institutional Administration. The corresponding amounts for 2008 and 2009 were reclassified to conform with the 2010 presentation.

(3) Reclassified Board authorized transfer in 2010 and 2009.

(4) Restated 2013 beginning of year net position.

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net Position:										
Net investment in capital assets	\$115,441,982	\$104,514,717	\$104,243,439	\$102,655,503	\$103,542,183	\$103,559,437	\$107,118,926	\$100,880,868	\$95,890,086	\$84,098,914
Restricted for:										
Restricted fund activities	-	-	171,618	171,618	171,618	171,618	171,618	184,743	184,743	166,962
Loan programs	-	-	-	-	-	-	-	-	22,078	42,851
Unrestricted	<u>45,328,010</u>	<u>44,361,626</u>	<u>37,416,129</u>	<u>35,161,308</u>	<u>26,734,852</u>	<u>22,545,110</u>	<u>21,529,269</u>	<u>13,533,716</u>	<u>17,305,497</u>	<u>25,638,241</u>
Total Net Position	<u>\$160,769,992</u>	<u>\$148,876,343</u>	<u>\$141,831,186</u>	<u>\$137,988,429</u>	<u>\$130,448,653</u>	<u>\$126,276,165</u>	<u>\$128,819,813</u>	<u>\$114,599,327</u>	<u>\$113,402,404</u>	<u>\$109,946,968</u>

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

LANSING COMMUNITY COLLEGE
REVENUE CAPACITY
Major Taxpayers
2014 Levy Year vs. 2005 Levy Year
(Unaudited)

2014 Levy Year					2005 Levy Year				
2014 Taxpayer	Type of Business	2014 Taxable Valuation	Rank (1)	Percentage of Total College District Taxable Valuation (\$10,131,872,904)	2005 Taxpayer	Type of Business	2005 Taxable Valuation	Rank (1)	Percentage of Total College District Taxable Valuation (\$10,100,025,064)
Consumers Energy	Utility	\$ 93,005,962	1	0.92%	General Motors	Automotive	\$ 129,081,695	1	1.28%
Dart Container Corporation	Styrofoam Cups, etc.	47,806,203	2	0.47%	Consumers Energy	Utility	71,441,589	2	0.71%
Meridian Mall LTD Partnership	Shopping Mall	28,528,100	3	0.28%	Jackson National Life	Insurance	31,901,307	3	0.32%
General Motors LLC	Automotive	28,055,881	4	0.28%	Inland Western Lansing Eastwood LLC	Shopping Mall	31,636,100	4	0.31%
Retail Properties of America, Inc.	Retail Property Management	26,924,000	5	0.27%	525 Redevco Inc	Support Services	26,573,652	5	0.26%
Jackson National Life	Insurance	25,636,971	6	0.25%	Meridian Mall LTD Partnership	Shopping Mall	25,422,529	6	0.25%
Sprint Spectrum L P	Communication	15,414,225	7	0.15%	Meijer/ Good Will Co., Inc.	Retail	24,811,224	7	0.25%
East Lansing I LLC	Property Management	14,650,552	8	0.14%	Dart Container Corporation	Styrofoam Cups, etc.	24,377,787	8	0.24%
Meijer Thrifty Acres	Retail	14,008,662	9	0.14%	Capital Outlook LLC	Financing	17,517,336	9	0.17%
Gestamp Mason LLC	Metal Heat Treating	13,163,230	10	0.13%	MEIP Borrower U LLC	Financing	17,423,864	10	0.17%

Source - Ingham County Assessor, Ingham.org

(1) Ranking is in terms of Ad Valorem Taxable Valuation

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

Levy Year	Taxable Valuation (1)	Tax Rates (per \$1,000) of Valuation (1)	Taxes Extended	Collections through June 30 Each Year*	Percent of Taxes Extended Uncollected through June 30 Each Year
2014	\$10,131,872,904	3.8072	\$ 38,574,067	\$ -	-
2013	9,989,851,902	3.8072	38,033,364	36,654,758	3.62%
2012	10,068,843,104	3.8072	38,334,099	37,252,732	2.82%
2011	10,477,691,694	3.8072	39,890,668	38,652,739	3.10%
2010	10,863,291,527	3.8072	41,358,724	40,038,978	3.61%
2009	11,434,729,014	3.8072	43,534,300	41,441,780	4.81%
2008	11,394,316,077	3.8072	43,380,440	41,594,429	4.12%
2007	11,173,428,053	3.8072	42,539,475	41,185,737	3.18%
2006	10,637,548,443	3.8072	40,499,274	39,394,072	2.73%
2005	10,100,025,064	3.8112	38,493,216	38,133,388	0.93%

(1) 2014 Millage Report to County Board of Commissioners

(*) Per LCC Controller Office

---- Information is unavailable

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

Levy Year	Levy	Collections through June 30 Each Year*	Collections through June 30 as a percentage of the Levy	Collections in subsequent years*	Total Collections to date	Total Collections to date as percentage of levy
2014	\$ 38,574,067	----	----	----	----	----
2013	38,033,364	\$ 36,654,758	96.38%	----	\$36,752,508	96.63%
2012	38,334,099	37,252,732	97.18%	\$97,750	37,781,577	98.56%
2011	39,890,668	38,652,739	96.90%	528,845	39,092,684	98.00%
2010	41,358,724	40,038,978	96.81%	439,945	40,313,910	97.47%
2009	43,534,300	41,441,780	95.19%	274,932	41,582,375	95.52%
2008	43,380,440	41,594,429	95.88%	140,595	41,784,364	96.32%
2007	42,539,475	41,185,737	96.82%	189,935	41,375,672	97.26%
2006	40,499,274	39,394,072	97.27%	61,176	39,455,248	97.42%
2005	38,493,216	38,133,388	99.07%	92,105	38,225,493	99.30%

(*) Per LCC 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*	Total Outstanding Debt** (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)
2014	\$ 10,131,872,904	\$ 10,869,735,968	\$ 1,630,460,395	\$ 86,310,907	\$ 99,848	\$ 86,410,755	\$ 1,544,049,640	\$ 109,947,360	\$ 23,536,605	-----
2013	9,989,851,902	10,597,803,080	1,589,670,462	91,488,710	392,061	91,880,771	1,497,789,691	107,228,031	15,347,260	\$ 235
2012	10,068,843,104	10,673,406,039	1,601,010,906	51,428,711	673,970	52,102,681	1,548,908,225	107,984,060	55,881,379	134
2011	10,477,691,694	11,367,915,808	1,705,187,371	56,458,406	945,790	57,404,196	1,647,783,175	114,929,158	57,524,962	147
2010	10,863,291,527	11,731,383,600	1,759,707,540	61,298,381	1,207,882	62,506,263	1,697,201,277	118,563,836	56,057,573	161
2009	11,435,297,400	12,863,353,645	1,929,503,047	65,908,356	1,460,754	67,369,110	1,862,133,937	129,883,536	62,514,426	176
2008	11,400,478,719	13,505,218,382	2,025,782,757	70,318,331	1,704,262	72,022,593	1,953,760,164	136,302,184	64,279,591	185
2007	11,108,592,218	13,607,027,906	2,041,054,186	74,495,662	1,939,209	76,434,871	1,964,619,315	137,320,279	60,885,408	197
2006	10,576,815,457	13,088,039,702	1,963,205,955	59,159,562	2,165,748	61,325,310	1,901,880,645	132,130,397	70,805,087	159
2005	10,100,025,064	12,204,082,783	1,830,612,417	62,862,035	2,384,179	65,246,214	1,765,366,203	123,290,828	58,044,614	169

*Note Payable to the bank began October 24, 2004, which is secured by equipment, with monthly payments at an interest rate at 6.5%, maturing October 2014.

**Adjusted 2005-2013 outstanding debt figures based on comments from GFOA on FY2012 CAFR submission.

Source: College Audited Financial Statements and Stauder, Barch & Associates 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)

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income	Unemployment Rate (3)
2014	----	----	----	6.52%
2013	390,582	----	----	7.40%
2012	389,731	\$13,674,927	\$35,057	7.70%
2011	389,669	\$13,338,096	\$34,053	9.00%
2010	388,654	\$13,005,245	\$33,391	14.30%
2009	383,710	\$13,008,000	\$33,902	11.30%
2008	388,281	\$12,878,362	\$33,295	6.80%
2007	387,060	\$12,417,188	\$31,949	5.66%
2006	386,431	\$11,944,941	\$30,666	5.75%
2005	385,201	\$11,496,164	\$29,368	5.89%

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
2014 Employers vs. 2005 Employers
(Unaudited)

2014					2005				
<u>Employer</u>	<u>Product/Service</u>	<u>Rank</u>	<u>No. of Employees</u>	<u>% of Total District Population</u>	<u>Employer</u>	<u>Product/Service</u>	<u>Rank</u>	<u>No. of Employees</u>	<u>% of Total District Population</u>
State of Michigan	Government	1	13,700	3.51%	General Motors Corporation	Automotive	1	16,000	4.15%
Michigan State University	Higher Education	2	11,100	2.84%	State of Michigan	Government	2	13,517	3.51%
Sparrow Health System	Health Care	3	5,735	1.47%	Michigan State University	Higher Education	3	12,200	3.17%
General Motors Corporation	Automotive	4	5,222	1.34%	Sparrow Health System	Health Care	4	6,000	1.56%
Lansing Community College	Higher Education	5	2,990	0.77%	Meijer's, Inc.	Retail	5	3,800	0.99%
Meijer's, Inc.	Retail	6	2,900	0.74%	Lansing School District	Education	6	3,500	0.91%
Ingham Regional Medical Center	Health Care	7	2,400	0.61%	Ingham Regional Medical Center	Health Care	7	2,800	0.73%
Lansing School District	Education	8	1,613	0.41%	Lansing Community College	Higher Education	8	2,474	0.64%
Auto Owners Insurance	Insurance	9	1,400	0.36%	U.S. Postal Service	Government	9	1,300	0.34%
Jackson National Life	Insurance	10	1,393	0.36%	City of Lansing	Government	10	1,295	0.34%

Source: Ingham County December 31, 2013 CAFR

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

Facilities Data	2014 (1)	2013	2012	2011	2010	2009	2008	2007	2006	2005
Size of campus (acres)	96.00	96.00	94.00	94.00	109.00	109.00	109.00	109.00	101.00	92.00
Square footage of gross building space (2)	1,873,640	1,870,683	1,870,683	1,831,132	1,834,012	1,834,012	1,834,012	1,834,012	1,834,012	1,732,373
Number of classrooms	136	136	132	130	136	137	137	123	127	169
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: 2004-2013 LCC Campus Master Plans

(1) FY14 Master Plan submitted to the state October 2013

(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)

Fiscal Year	FYES (1)	Unduplicated Headcount	Duplicated Headcount	Headcount per Section	Total Credit Hours	In District Tuition Rate	Out of District Tuition Rate	Out of State Tuition Rate	Tuition & Fees per FYES	Total Tuition and Fee Revenue
2014 (2)	-----	-----	-----	-----	-----	\$ 83.00	\$ 166.00	\$ 249.00	-----	-----
2013	12,124	29,245	118,575	18.5	375,835	81.00	162.00	243.00	\$ 4,516	\$ 54,752,661
2012	13,232	31,042	128,383	18.1	410,190	79.00	158.00	237.00	4,180	55,311,454
2011	14,649	34,413	145,079	22.5	454,114	76.00	140.00	210.00	3,816	55,907,849
2010	13,720	31,179	140,942	21.8	449,923	73.00	134.00	201.00	3,707	50,859,326
2009	13,039	32,024	122,819	19.0	404,223	73.00	134.00	201.00	3,675	47,915,880
2008	11,953	30,620	116,700	18.1	370,542	73.00	134.00	201.00	3,779	45,172,683
2007	11,919	34,067	122,029	21.1	369,496	67.00	120.00	180.00	3,369	40,160,599
2006	11,311	32,097	116,595	19.4	350,626	65.00	105.00	145.00	3,291	37,223,761
2005	10,863	31,263	-----	-----	-----	55.00	88.00	120.00	2,866	31,134,402

Source: Activity Classification Structure Data (www.michigancc.net/ccdata/tuition/summary.aspx)

(1) One Fiscal Year Equated Student (FYES) equals 31 semester credit hours

(2) The ACS Report for June 30, 2014 is due November 1, 2014, therefore the data is not yet available.

---- Information is unavailable

LANSING COMMUNITY COLLEGE
DEMOGRAPHIC AND ECONOMIC INFORMATION
Full-Time Equivalent Employees
Last Ten (10) Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
ADMINISTRATORS:	224	142	171	176	171	169	182	165	163	158
Full-Time	200	133	155	155	147	152	165	149	147	145
Part-Time	72	27	47	62	59	52	52	48	47	39
Calc 1/3 p/t	24	9	16	21	20	17	17	16	16	13
FACULTY:	725	778	865	816	826	825	807	815	639	617
Full-Time	184	211	225	217	229	223	250	229	237	232
Part-Time	1,624	1,700	1,919	1,786	1,781	1,796	1,670	1,757	1,207	1,156
Calc 1/3 p/t	541	567	640	599	597	602	557	586	402	385
SUPPORT:	204	286	275	257	283	257	287	259	257	248
Full-Time	150	198	183	158	187	163	195	183	183	181
Part-Time	163	264	275	295	287	280	277	229	222	202
Calc 1/3 p/t	65	88	92	99	96	94	92	76	74	67
Actual total employees reported	2,393	2,533	2,804	2,673	2,690	2,666	2,609	2,595	2,043	1,955
TOTAL FTE (1)	1,153	1,206	1,311	1,249	1,281	1,252	1,276	1,239	1,059	1,023

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

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



Special Reports Section

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION (Unaudited)
JUNE 30, 2014

	Combined Total	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
Assets							
Current assets							
Cash and cash equivalents	\$ 14,005,912	\$ 9,897,225	\$ -	\$ 2,395,385	\$ -	\$ 1,713,302	\$ -
Short-term investments	24,901,543	24,901,543	-	-	-	-	-
Property taxes receivable, net	535,629	535,629	-	-	-	-	-
State appropriations receivable	5,901,226	5,442,784	-	-	458,442	-	-
Accounts receivable, net	6,094,304	5,932,146	-	143,289	-	3,816	15,053
Federal and state grants receivable	3,610,635	-	-	-	3,610,635	-	-
Inventories	163,130	78	-	163,052	-	-	-
Prepaid expenses and other assets	487,398	77,914	-	305,977	103,507	-	-
Due from (due to) other funds	-	(15,447,301)	1,390,246	275,247	(1,992,241)	15,280,505	493,544
Due from Component Unit	88,761	-	88,761	-	-	-	-
Total current assets	55,788,538	31,340,018	1,479,007	3,282,950	2,180,343	16,997,623	508,597
Noncurrent assets							
Restricted cash - unspent bond proceeds	10,729,919	-	-	-	-	10,729,919	-
Long-term investments	6,041,548	6,041,548	-	-	-	-	-
Capital assets not being depreciated	33,346,894	-	-	-	-	33,346,894	-
Capital assets being depreciated, net	156,445,302	-	-	-	-	156,445,302	-
Total noncurrent assets	206,563,663	6,041,548	-	-	-	200,522,115	-
Total assets	262,352,201	37,381,566	1,479,007	3,282,950	2,180,343	217,519,738	508,597
Deferred outflows of resources							
Deferred charge on bond refunding	1,330,622	-	-	-	-	1,330,622	-
Liabilities							
Current liabilities							
Due to primary government							
Accounts payable	6,003,530	1,227,736	15,870	126,073	1,979,360	2,517,339	137,152
Accrued payroll and other compensation	4,904,126	4,607,968	-	-	-	-	296,158
Accrued vacation	1,529,609	1,529,609	-	-	-	-	-
Accrued interest payable	586,800	-	-	-	-	586,800	-
Unearned revenue	3,408,606	3,006,008	-	126,328	200,983	-	75,287
Other current liabilities	41,841	41,841	-	-	-	-	-
Current portion of debt obligations	5,234,848	-	-	-	-	5,234,848	-
Total current liabilities	21,709,360	10,413,162	15,870	252,401	2,180,343	8,338,987	508,597
Noncurrent liabilities							
Long-term debt obligations, net of current portion	81,175,907	-	-	-	-	81,175,907	-
Other noncurrent liabilities	27,564	27,564	-	-	-	-	-
Total noncurrent liabilities	81,203,471	27,564	-	-	-	81,175,907	-
Total liabilities	102,912,831	10,440,726	15,870	252,401	2,180,343	89,514,894	508,597
Net position							
Net investment in capital assets	115,441,982	-	-	-	-	115,441,982	-
Unrestricted	45,328,010	26,940,840	1,463,137	3,030,549	-	13,893,484	-
Total net position	\$ 160,769,992	\$ 26,940,840	\$ 1,463,137	\$ 3,030,549	\$ -	\$ 129,335,466	\$ -

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION (Unaudited)
JUNE 30, 2013

	Combined Total	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
Assets							
Current assets							
Cash and cash equivalents	\$ 20,155,782	\$ 16,051,212	\$ -	\$ 2,392,985	\$ -	\$ 1,711,585	\$ -
Short-term investments	15,290,530	15,290,530	-	-	-	-	-
Property taxes receivable, net	464,658	464,658	-	-	-	-	-
State appropriations receivable	6,419,065	5,333,638	-	-	1,085,427	-	-
Accounts receivable, net	7,097,318	6,558,993	-	515,974	-	3,816	18,535
Federal and state grants receivable	2,509,690	-	-	-	2,509,690	-	-
Inventories	73,631	29,323	-	44,308	-	-	-
Prepaid expenses and other assets	1,150,929	1,150,929	-	-	-	-	-
Due from (due to) other funds	-	(21,379,692)	1,156,651	1,382,938	(2,114,265)	19,973,002	981,366
Due from Component Unit	84,424	-	84,424	-	-	-	-
Total current assets	53,246,027	23,499,591	1,241,075	4,336,205	1,480,852	21,688,403	999,901
Noncurrent assets							
Restricted cash - unspent bond proceeds	23,867,509	-	-	-	-	23,867,509	-
Long-term investments	11,563,829	11,563,829	-	-	-	-	-
Capital assets not being depreciated	37,483,127	-	-	-	-	37,483,127	-
Capital assets being depreciated, net	133,547,903	-	-	-	-	133,547,903	-
Total noncurrent assets	206,462,368	11,563,829	-	-	-	194,898,539	-
Total assets	259,708,395	35,063,420	1,241,075	4,336,205	1,480,852	216,586,942	999,901
Deferred outflows of resources							
Deferred charge on bond refunding	1,496,949	-	-	-	-	1,496,949	-
Liabilities							
Current liabilities							
Accounts payable	8,494,178	1,533,766	41,075	98,643	1,151,546	5,544,491	124,657
Accrued payroll and other compensation	5,817,314	4,942,070	-	-	-	-	875,244
Accrued vacation	1,451,812	1,451,812	-	-	-	-	-
Accrued interest payable	709,119	-	-	-	-	709,119	-
Unearned revenue	3,864,562	3,435,773	-	99,483	329,306	-	-
Other current liabilities	41,841	41,841	-	-	-	-	-
Current portion of debt obligations	5,002,213	-	-	-	-	5,002,213	-
Total current liabilities	25,381,039	11,405,262	41,075	198,126	1,480,852	11,255,823	999,901
Noncurrent liabilities							
Long-term debt obligations, net of current portion	86,878,558	-	-	-	-	86,878,558	-
Other noncurrent liabilities	69,404	69,404	-	-	-	-	-
Total noncurrent liabilities	86,947,962	69,404	-	-	-	86,878,558	-
Total liabilities	112,329,001	11,474,666	41,075	198,126	1,480,852	98,134,381	999,901
Net position							
Net investment in capital assets	104,514,717	-	-	-	-	104,514,717	-
Unrestricted	44,361,626	23,588,754	1,200,000	4,138,079	-	15,434,793	-
Total net position	\$ 148,876,343	\$ 23,588,754	\$ 1,200,000	\$ 4,138,079	\$ -	\$ 119,949,510	\$ -

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (Unaudited)
YEAR ENDED JUNE 30, 2014

	Combined Total	Eliminations	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues							
Tuition and fees (net of scholarship allowances of \$23,621,292)	\$ 28,554,591	\$ (23,621,292)	\$ 52,168,821	\$ -	\$ -	\$ 7,062	\$ -
Federal grants and contracts	3,508,779	-	-	-	-	3,508,779	-
State grants and contracts	1,202,810	-	-	-	-	1,202,810	-
Local grants and contracts	2,842,918	-	1,527,857	-	-	1,315,061	-
Sales and services of educational activities	401,923	-	18,234	-	383,689	-	-
Sales and services of auxiliary activities	1,701,672	-	-	-	1,701,672	-	-
Job Training Programs	484,437	-	-	-	-	484,437	-
Miscellaneous	1,451,163	-	1,208,140	-	-	133,671	109,352
Total operating revenues	40,148,293	(23,621,292)	54,923,052	-	2,085,361	6,651,820	109,352
Operating expenses							
Instruction	47,495,410	-	46,003,764	-	88,523	1,403,123	-
Public services	2,162,257	-	1,710,191	887	25,276	425,903	-
Instructional support	21,917,746	-	18,150,417	69,738	138,481	3,467,268	91,842
Student services	17,926,228	(23,621,292)	12,822,962	-	27,415	28,697,143	-
Institutional administration	16,630,435	-	10,609,709	53,321	953,662	2,792,899	2,220,844
Operation and maintenance of plant	17,033,486	-	11,501,250	-	2,361,934	128,219	3,042,083
Depreciation	6,978,813	-	-	-	-	-	6,978,813
Total operating expenses	130,144,375	(23,621,292)	100,798,293	123,946	3,595,291	36,914,555	12,333,582
Operating (loss) income	(89,996,082)	-	(45,875,241)	(123,946)	(1,509,930)	(30,262,735)	(12,224,230)
Nonoperating revenues (expenses)							
State appropriations	32,824,815	-	30,303,385	-	-	2,521,430	-
Property tax levy	36,718,154	-	36,718,154	-	-	-	-
Pell Grant revenue	26,380,689	-	-	-	-	26,380,689	-
Investment return and other gains	177,187	-	117,487	-	2,400	-	57,300
Interest on capital asset - related debt	(3,627,164)	-	-	-	-	-	(3,627,164)
Net nonoperating revenues (expenses)	92,473,681	-	67,139,026	-	2,400	28,902,119	(3,569,864)
Other revenues							
State capital appropriations	9,366,050	-	-	-	-	-	9,366,050
Capital gifts	50,000	-	-	-	-	-	50,000
Total Other Revenues	9,416,050	-	-	-	-	-	9,416,050
Increase (decrease) in net position	11,893,649	-	21,263,785	(123,946)	(1,507,530)	(1,360,616)	(6,378,044)
Transfers in (out)	-	-	(17,911,699)	387,083	400,000	1,360,616	15,764,000
Change in net position	11,893,649	-	3,352,086	263,137	(1,107,530)	-	9,385,956
Net position, beginning of year	148,876,343	-	23,588,754	1,200,000	4,138,079	-	119,949,510
Net position, end of year	\$ 160,769,992	\$ -	\$ 26,940,840	\$ 1,463,137	\$ 3,030,549	\$ -	\$ 129,335,466

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (Unaudited)
YEAR ENDED JUNE 30, 2013

	Combined Total	Eliminations	General Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues							
Tuition and fees (net of scholarship allowances of \$25,389,469)	\$ 29,363,192	\$ (25,389,469)	\$ 54,725,618	\$ -	\$ -	\$ 27,043	\$ -
Federal grants and contracts	4,226,015	-	-	-	-	4,226,015	-
State grants and contracts	1,414,642	-	-	-	-	1,414,642	-
Local grants and contracts	3,028,011	-	1,377,885	-	-	1,650,126	-
Sales and services of educational activities	361,835	-	5,223	-	356,612	-	-
Sales and services of auxiliary activities	2,641,831	-	-	-	2,641,831	-	-
Job Training Programs	79,261	-	-	-	-	79,261	-
Miscellaneous	1,393,907	-	1,249,629	-	-	107,493	36,785
Total operating revenues	42,508,694	(25,389,469)	57,358,355	-	2,998,443	7,504,580	36,785
Operating expenses							
Instruction	48,827,540	-	47,836,088	-	52,049	939,403	-
Public services	2,196,929	-	1,525,899	-	30,264	640,766	-
Instructional support	22,020,718	-	18,854,613	-	377,146	2,594,148	194,811
Student services	20,559,075	(25,389,469)	12,374,659	-	22,673	33,540,712	10,500
Institutional administration	12,999,388	-	9,923,927	-	505,610	1,426,992	1,142,859
Operation and maintenance of plant	16,993,682	-	10,300,020	-	2,630,229	258,357	3,805,076
Depreciation	8,726,093	-	-	-	-	-	8,726,093
Total operating expenses	132,323,425	(25,389,469)	100,815,206	-	3,617,971	39,400,378	13,879,339
Operating loss	(89,814,731)	-	(43,456,851)	-	(619,528)	(31,895,798)	(13,842,554)
Nonoperating revenues (expenses)							
State appropriations	30,724,364	-	29,638,937	-	-	1,085,427	-
Property tax levy	37,294,876	-	37,294,876	-	-	-	-
Pell Grant revenue	29,347,419	-	-	-	-	29,347,419	-
Investment return and other gains	224,494	-	151,482	-	2,659	-	70,353
Interest on capital asset - related debt	(3,664,322)	-	-	-	-	-	(3,664,322)
Net nonoperating revenues (expenses)	93,926,831	-	67,085,295	-	2,659	30,432,846	(3,593,969)
Other revenues							
Capital gifts	1,300,000	-	-	-	-	-	1,300,000
Increase (decrease) in net position	5,412,100	-	23,628,444	-	(616,869)	(1,462,952)	(16,136,523)
Transfers in (out)	-	-	(20,437,465)	1,200,000	400,000	1,291,334	17,546,131
Change in net position	5,412,100	-	3,190,979	1,200,000	(216,869)	(171,618)	1,409,608
Net position, beginning of year	143,464,243	-	20,397,775	-	4,354,948	171,618	118,539,902
Net position, end of year	\$ 148,876,343	\$ -	\$ 23,588,754	\$ 1,200,000	\$ 4,138,079	\$ -	\$ 119,949,510