



Comprehensive Annual Financial Report



Fiscal Years Ended June 30, 2016 and June 30, 2015



LANSING COMMUNITY COLLEGE
Lansing, MI

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Years Ended June 30, 2016 and June 30, 2015

Prepared by:
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FISCAL YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

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Introductory Section



October 11, 2016

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

The Comprehensive Annual Financial Report (CAFR) of Lansing Community College (the "College") for the fiscal years ended June 30, 2016 and June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and 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, 2016 and 2015. 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 its Strategic Plan, *Learn Forward*, which set the institution's direction for the next three fiscal years. This plan was 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, 2016 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 is transforming facilities for teaching and learning on campus now and 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 25,000 college-credit students each year, and has over 500 full-time and over 1,700 part-time employees. The College offers classes year-round in a three-semester curriculum. The College offers 232 degree and certificate programs and over 1,000 courses to match career and workforce development pursuits, transfer curricula, developmental, or special interest needs. Courses are offered in one of three academic divisions: Arts and Sciences; Health and Human Services; and Technical Careers. In addition, the Community Education and Workforce Development division provides community and continuing education and includes the College's Business & Community Institute (BCI) that provides customized training directly to regional businesses and manufacturers.

In addition to the Downtown 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 North Campus 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 service district. Lansing Community College was the first Michigan community college to offer a complete associate's degree online and now offers over 1,000 online/hybrid sections per semester, or approximately 18.3% of all section offerings.

LCC is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, and serves over 37,000 people annually. The College's accreditation was reaffirmed on June 27, 2016 for ten years.

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

	FALL				
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Enrollment</u>					
College (unduplicated head count)	14,851	16,031	17,562	19,082	20,640
Full-time Equivalents	8,500	9,250	10,245	11,147	10,793
Total Credit Hours	133,493	143,330	163,466	174,369	186,354

FINANCIAL PLANNING

In-District tuition was increased by \$3 per billing hour for Fiscal Year 2016. Tuition increased by \$3 per billing hour in Fiscal Years 2011 and 2012; increased by \$2 per billing hour in Fiscal Years 2013 and 2014; and increased by \$3 per billing hour in Fiscal Year 2015. LCC's leadership remains firm in their stance to keep tuition rates low. With tuition and fees accounting for 39% 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 continues to rise, cost becomes a preeminent concern and LCC's value proposition to graduating high school students improves. LCC's value is aided by the numerous transfer and articulation agreements LCC maintains with four-year institutions in the state of Michigan as well as the success of LCC's University Center.

At the start of the College's FY 2016 budget planning, College financial staff projected an initial gap of more than \$3.0 million between projected revenues and expenditures. This \$3.0 million deficit assumed College programs and services would remain at FY 2015 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 \$3.0 million gap using criteria that prioritized funding for activities that had a direct impact on workforce development, educational quality, or activities that would produce more revenue than expense. Finally, the remaining gap was closed with a conservative tuition rate increase of 3.5% for students.

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

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.

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

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 144,300 jobs (32.8%) between June 2009, when the U.S. recession ended, and December 2014. Like total manufacturing employment, Michigan transportation equipment manufacturing employment is growing more slowly than early in the year, and employment in the sector during the first quarter of 2016 was down 5.7% from the first quarter of 2015.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2015-16, FY 2016-17, and FY 2017-18
May 13, 2016 Senate Fiscal Agency, State of Michigan

Forecast Summary

During 2016, both the U.S. and Michigan economies are expected to expand at a slightly slower rate than during 2015, although employment is expected to grow slightly more than in 2015. The U.S. and Michigan economies are forecast to exhibit both income and employment growth during 2016 and later years, although Michigan is generally expected to grow more slowly than the nation as a whole. The expansion over the forecast period primarily reflects modest consumption growth and improvements in business and residential investment that will more than offset the drag on the economy from increased imports and relatively stagnant public sector growth.

In Michigan, higher vehicle sales, stability in the housing market, and tepid national economy are expected to combine to lower the unemployment rate to 5.1% in both 2016 and 2017, and 5.0% in 2018, compared with the 5.4% unemployment rate in 2015. Improved vehicle sales and stronger profitability in Michigan's vehicle sector will provide stability to the Michigan employment situation.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2015-16, FY 2016-17, and FY 2017-18
May 13, 2016 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 mils since 2006. The state average for all community colleges was 2.4957 mils in 2015.

PROSPECTS FOR THE FUTURE

In the State of Michigan's FY 2015-16, continued growth in employment and personal income will result in greater collections from most revenue sources. However, slow growth in retail sales and declining corporate profits will combine with revenue reductions attributable to personal property tax reform to offset these gains. As a result, General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue will total an estimated \$21.8 billion, the same amount as in FY 2014-15. Compared to the January 2016 consensus estimates, the GF/GP estimate is \$144.4 million lower and the SAF estimate is \$56.3 million lower.

State of Michigan FY 2016-17 Revised Revenue Estimate

- General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue will total an estimated \$22.4 billion, a 2.8% increase from the revised FY 2015-16 estimate but \$305.0 million below the January 2016 consensus estimate. General Fund/General Purpose revenue will total an estimated \$10.0 billion, an increase of 3.2% from FY 2015-16 that reflects slower employment growth, more significant revenue reductions attributable to personal property tax reform, and slow growth in corporate profits, while SAF revenue will rise to an estimated \$12.4 billion, a 2.6% increase.

State of Michigan FY 2017-18 Revised Revenue Estimate

- GF/GP and SAF revenue will total an estimated \$23.2 billion, a 3.4% increase from the revised estimate for FY 2016-17 and \$266.2 million less than the January 2016 consensus estimates. Reflecting slow economic growth combined with more stable tax policy, GF/GP revenue will total an estimated \$10.4 billion, an increase of 4.2% from FY 2016-17, while SAF revenue will total an estimated \$12.7 billion, a 2.8% increase.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2015-16, FY 2016-17, and FY 2017-18
May 13, 2016 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 designed to transform teaching and learning on campus for the next several decades. Over the past four years, the *Build Forward* project fundamentally changed the student experience by creating a variety of dynamic and adaptable teaching, learning, and support environments. *Build Forward* was substantially completed in FY 2015-16 with final completion expected in FY 2016-17.

In FY 2015-16 Lansing Community College began work to modify and expand its overall learning space at West Campus for its Center for Manufacturing Excellence. In the spring of 2015, LCC was awarded the Community College Skilled Trades Equipment Program (CCSTEP) from the Michigan Economic Development Corporation, Michigan Strategic Fund Community College Skilled Trades Equipment Program. Funding from this award allowed LCC to purchase high-tech equipment and utilize general funds to create the necessary space to meet employer demand for highly skilled workers. As a result, LCC will efficiently train highly skilled workers to fill high-demand, high-wage positions with regional manufacturers. LCC will provide modifications to its existing labs and a significant expansion to increase the overall learning space from 14,000 square feet to nearly 27,000 square feet. With these modifications, LCC will add advanced, high-tech equipment to create a "real world" training environment. A key element to this expansion will be in LCC's flexible approach to equipment configuration within the

Flexible Manufacturing System (FMS). By mirroring the FMS in use on the factory floors of area manufacturers, the CME will provide LCC students direct access to train on some of the most advanced industrial networking systems in Michigan. LCC will tie together the specialties of mechatronics, machining, and welding for a true systems approach. This will allow LCC to deliver high-tech education and training with the most advanced automation components and technology that are commercially available today. The new learning space and the advanced equipment will be completed, installed, and ready for student learning during the Fall 2016 semester.

OTHER INFORMATION

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Lansing Community College for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. LCC has received a Certificate of Achievement for seven consecutive years. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

LCC has received the Distinguished Budget Presentation Award from the GFOA for the 2015/2016 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 seven consecutive years. A copy of this award can be viewed on the College's website at: http://www.lcc.edu/finservices/FY16_Budget.pdf

LCC has received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year ended June 30, 2015. 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 five consecutive years. A copy of this award can be viewed on the College's website at: http://www.lcc.edu/finservices/2015_LCC_Annual_Report.pdf

LCC's Purchasing Department is the recipient of the 20th Annual Achievement of Excellence in Procurement (AEP) Award. Lansing Community College has received the award for thirteen 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.

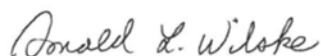
Independent Audit

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 Independent Auditors' Report on the financial statements is included in the financial section of this report.

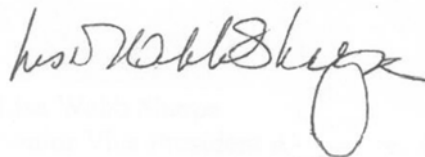
Acknowledgments

The timely preparation of the CAFR was made possible by the dedicated service of the entire staff of the 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, Ed.D
Senior Vice President for Finance, Administration, and
Advancement

LANSING COMMUNITY COLLEGE

PRINCIPAL OFFICIALS

Year Ended June 30, 2016

BOARD OF TRUSTEES

	<u>Position</u>	<u>Term Expires</u>
Robert E. Proctor	Chairperson	2016
Lawrence Hidalgo, Jr.	Vice Chairperson	2018
Larry Meyer	Secretary/Treasurer	2016
Alex Azima	Trustee	2016
Deborah Canja	Trustee	2016
Robin M. Smith	Trustee	2018
Andrew P. Abood	Trustee	2020

OFFICERS OF THE COLLEGE

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

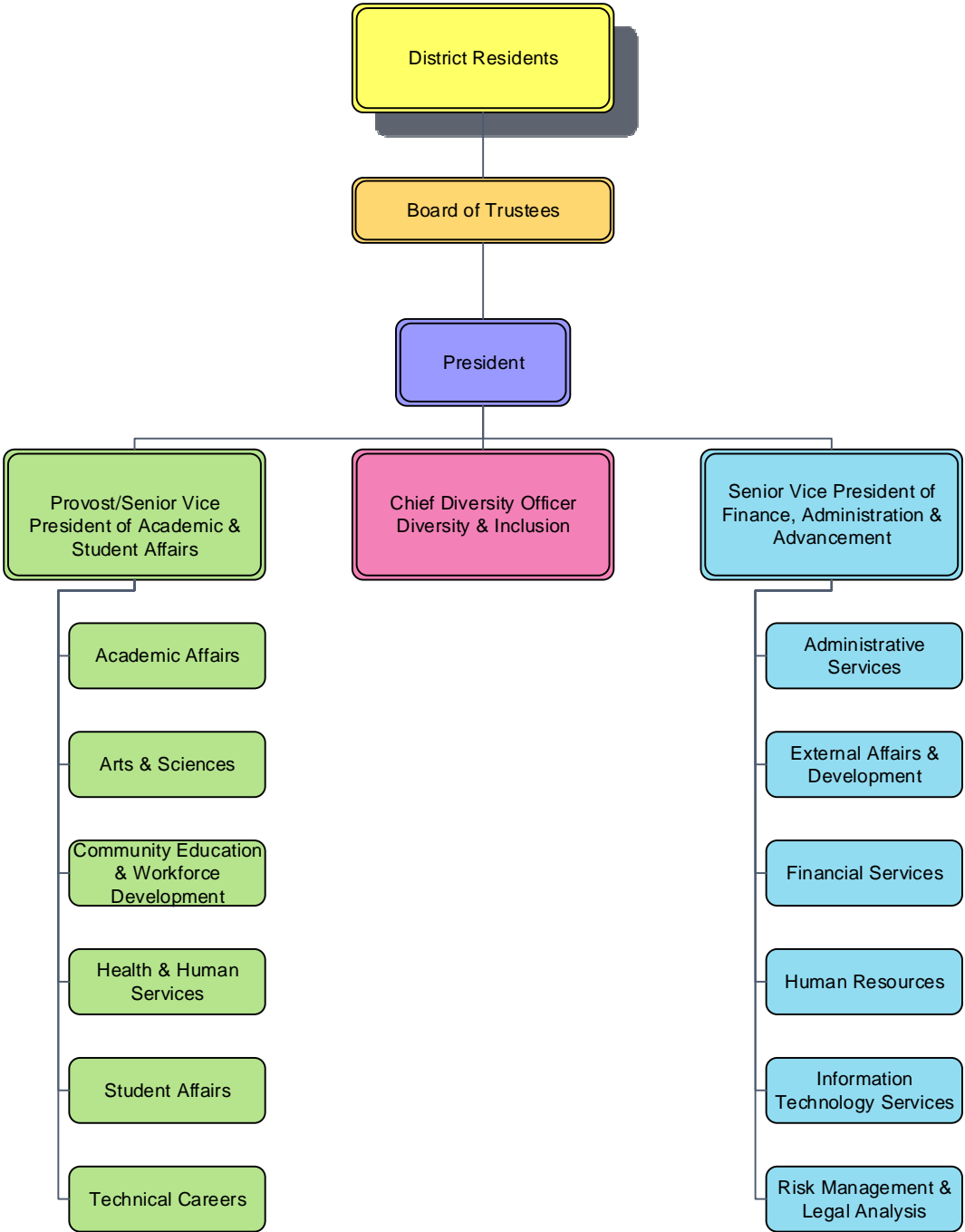
OFFICIALS ISSUING REPORT

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

DIVISION ISSUING REPORT

Financial Services Division

LANSING COMMUNITY COLLEGE





Government Finance Officers Association

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

Presented to

**Lansing Community College
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive style with a prominent 'J' and 'E'.

Executive Director/CEO



Financial Section

INDEPENDENT AUDITORS' REPORT

October 11, 2016

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, 2016 and 2015, 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, 2016 and 2015, 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.

Implementation of GASB Statement No. 68

As described in Notes 1 and 7, the College implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the prior year. Accordingly, beginning net position of business-type activities as of July 1, 2014 was restated. 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, and the schedules for the pension, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 11, 2016 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.



LANSING COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2016 AND 2015

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, 2016 and 2015. Management has prepared the fiscal 2016 and 2015 financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

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

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

Component Unit

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

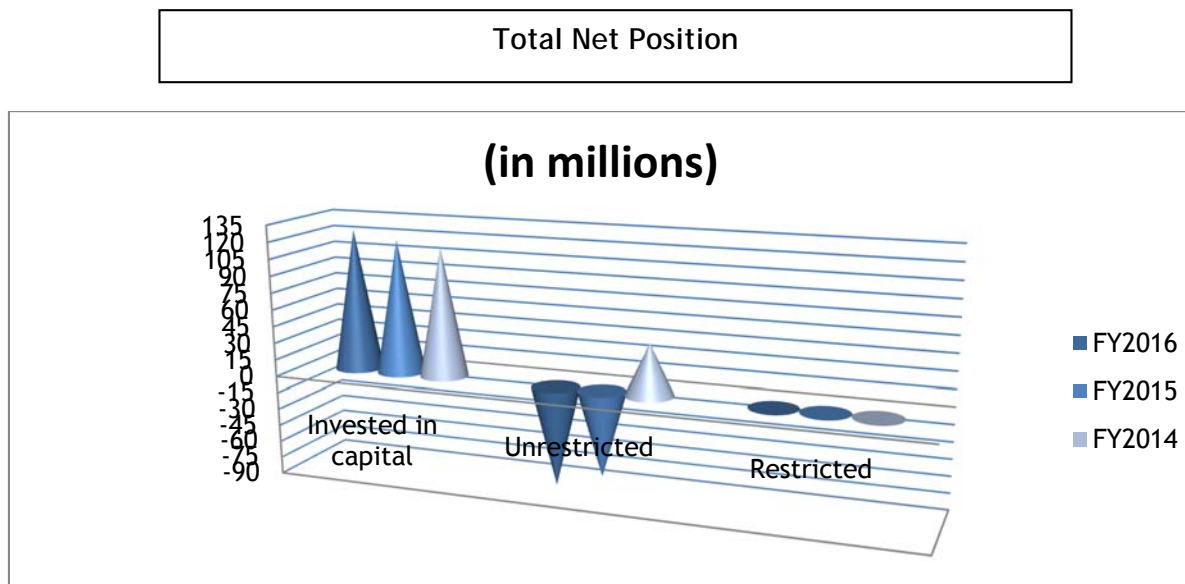
In compliance with this statement, the Lansing Community College Foundation is reported as a component unit of the College and its financial position and financial activities are presented separately from the rest of the College's activities in the Statements of Net Position and Statements of Revenues,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

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

Financial Highlights

The College's financial position declined during the fiscal year ended June 30, 2016, with a \$6.0 million decrease in total net position. One of the two major categories of net position changed somewhat, as shown in the graph below. Total net position decreased by \$6.0 million, with net position invested in capital assets increasing by \$7.0 million due to continued completion of the *Build Forward* project and the acquisition of instructional and operational capital assets. Unrestricted net position decreased by \$12.9 million, from \$(76.8) to \$(89.7) million as a result of the increased reservation for investment in capital assets; \$1.1 million decrease in the plant fund due to expenses exceeding transfers in; and, recording of the College's \$7.2 million share of the Michigan Public School Employees Retirement System long-term net pension liability as required by GASB Statement 68, *Accounting and Financial Reporting for Pensions*. While the recording of pension expense related to GASB 68 impacted total net position, it did not have any impact on the College's cash flows or operating budgets. The \$(13.2) million change in unrestricted net position related to capital assets, the plant fund, and pension expense was offset by an increase in net position of \$2.2 million in general and auxiliary fund activities.

The College's financial position declined during the fiscal year ended June 30, 2015, with a \$118.1 million decrease in total net position. One of the two major categories of net position changed somewhat, as shown in the graph below. Total net position decreased by \$118.1 million, while net position invested in capital assets increased by \$3.9 million due to the capitalization of additional portions of the *Build Forward* project. Unrestricted net position decreased by \$122.1 million, from \$45.3 to \$(76.8) million as a result of the recording of the College's share of the Michigan Public School Employees Retirement System long-term net pension liability as required by GASB Statement 68, *Accounting and Financial Reporting for Pensions*. While the implementation of GASB 68 impacted total net position, it did not have any impact on the College's cash flows or operating budgets.



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

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

These two statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions, and all deferred outflows and inflows of resources. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These statements report Lansing Community College's net position and changes in them. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as Lansing Community College's operating results.

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

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

	2016	2015	Increase (Decrease) 2016-2015	2014	Increase (Decrease) 2015-2014
Current assets	\$ 49.6	\$ 45.6	\$ 4.0	\$ 55.8	\$ (10.2)
Non-current assets					
Capital assets, net of depreciation	200.7	198.8	1.9	189.8	9.0
Other	5.1	11.1	(6.0)	16.8	(5.7)
Total non-current assets	205.8	209.9	(4.1)	206.6	3.3
Total assets	255.4	255.5	(0.1)	262.4	(6.9)
Deferred outflows of resources	15.0	19.2	(4.2)	1.3	17.9
Current liabilities	24.5	19.9	4.6	21.7	(1.8)
Net pension liabilities	134.6	123.2	11.4	-	123.2
Long-term liabilities	69.2	75.3	(6.1)	81.2	(5.9)
Total liabilities	228.3	218.4	9.9	102.9	115.5
Deferred inflows of resources	5.4	13.6	(8.2)	-	13.6
Net position					
Net investment in capital assets	126.4	119.4	7.0	115.5	3.9
Restricted	-	0.1	(0.1)	-	0.1
Unrestricted	(89.7)	(76.8)	(12.9)	45.3	(122.1)
Total net position	\$ 36.7	\$ 42.7	\$ (6.0)	\$ 160.8	\$ (118.1)

Fiscal Year 2016 Compared to 2015

The College increased its current assets by \$4.0 million primarily due to moving long-term investments to short-term positions and increased prepaid expenses at June 30, 2016 compared to June 30, 2015. Current liabilities increased \$4.6 million due to the timing of receipt of vendor invoices and the payment due date on the MPSERS payroll contribution. Long-term liabilities decreased \$6.1 million due to the continued paying down of outstanding bond issues including a \$4.0 million payment on the 2005 bond issue. The College net position decreased by \$6.0 million. This is primarily attributed to recording \$7.2 million of pension expense for the long-term net pension liability.

Fiscal Year 2015 Compared to 2014

The College decreased its current assets by \$10.2 million primarily due to continued completion of the *Build Forward* project and moving short-term investment positions to long-term positions. The College net position decreased by \$118.1 million. This is primarily attributed to recording \$123.2 million of the long-term net pension liability. The College's capital assets, net of depreciation increased primarily from the capitalization of additional portions of the *Build Forward* project. Other assets decreased due to use of restricted bond proceeds for the *Build Forward* projects, offset by a movement from short-term to long-term investment positions. Current liabilities decreased \$1.8 million primarily due to the timing of payroll and weekly check runs at year end. Long-term liabilities increased as a result of the recording of the net pension obligation offset by a decrease in bonds payable as a result of debt payments.

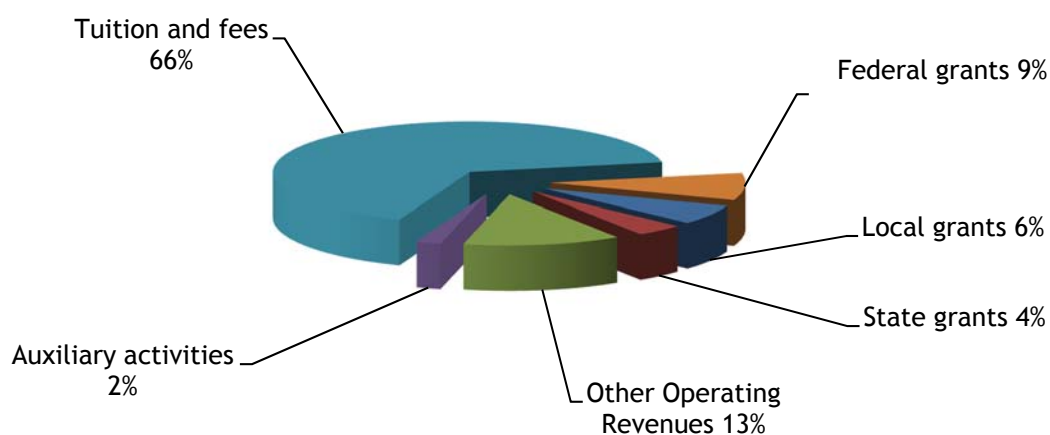
Operating Results (*in millions*) for the Years Ended June 30

	2016	2015	Increase (Decrease) 2016-2015	2014	Increase (Decrease) 2015-2014
Operating revenues:					
Tuition and fees (net of scholarship allowances)	\$ 27.2	\$ 27.6	\$ (0.4)	\$ 28.6	\$ (1.0)
Federal grants and contracts	3.6	4.2	(0.6)	3.5	0.7
State grants and contracts	1.6	1.7	(0.1)	1.2	0.5
Local grants and contracts	2.6	3.3	(0.7)	2.8	0.5
Sales and services of educational activities	0.2	0.3	(0.1)	0.4	(0.1)
Sales and services of auxiliary activities	1.2	0.2	1.0	1.7	(1.5)
Miscellaneous	5.1	3.0	2.1	1.9	1.1
Total operating revenues	41.5	40.3	1.2	40.1	0.2
Operating expenses:					
Instruction	46.4	45.5	0.9	47.5	(2.0)
Public services	2.2	2.0	0.2	2.2	(0.2)
Instructional support	24.9	23.3	1.6	21.9	1.4
Student services	13.2	15.2	(2.0)	17.9	(2.7)
Institutional administration	20.5	18.1	2.4	16.6	1.5
Operation and maintenance of plant	20.9	18.5	2.4	17.0	1.5
Depreciation	7.8	7.3	0.5	7.0	0.3
Total operating expenses	135.9	130.0	5.9	130.1	(0.2)
Operating loss	(94.4)	(89.7)	(4.7)	(90.0)	0.4
Nonoperating revenues (expenses):					
State appropriations	33.8	35.3	(1.5)	32.8	2.5
Property tax levy	39.2	37.4	1.8	36.7	0.7
Pell Grant revenue	18.7	22.5	(3.8)	26.4	(3.9)
Other nonoperating expenses - net	(3.4)	(3.3)	(0.1)	(3.4)	0.1
Net nonoperating revenues	88.3	91.9	(3.6)	92.5	(0.6)
Other revenues:					
State capital appropriations	-	-	-	9.4	(9.4)
Capital gifts	0.1	-	0.1	-	-
Change in net position	(6.0)	2.2	(8.2)	11.9	(9.6)
Net position - beginning of year	42.7	160.8	-118.1	148.9	11.9
Implementation of GASB 68	-	(120.3)	120.3	-	(120.3)
Adjusted net position - beginning of year	42.7	40.5	2.2	148.9	(108.4)
Net position- end of year	\$ 36.7	\$ 42.7	\$ (6.0)	\$ 160.8	\$ (118.1)

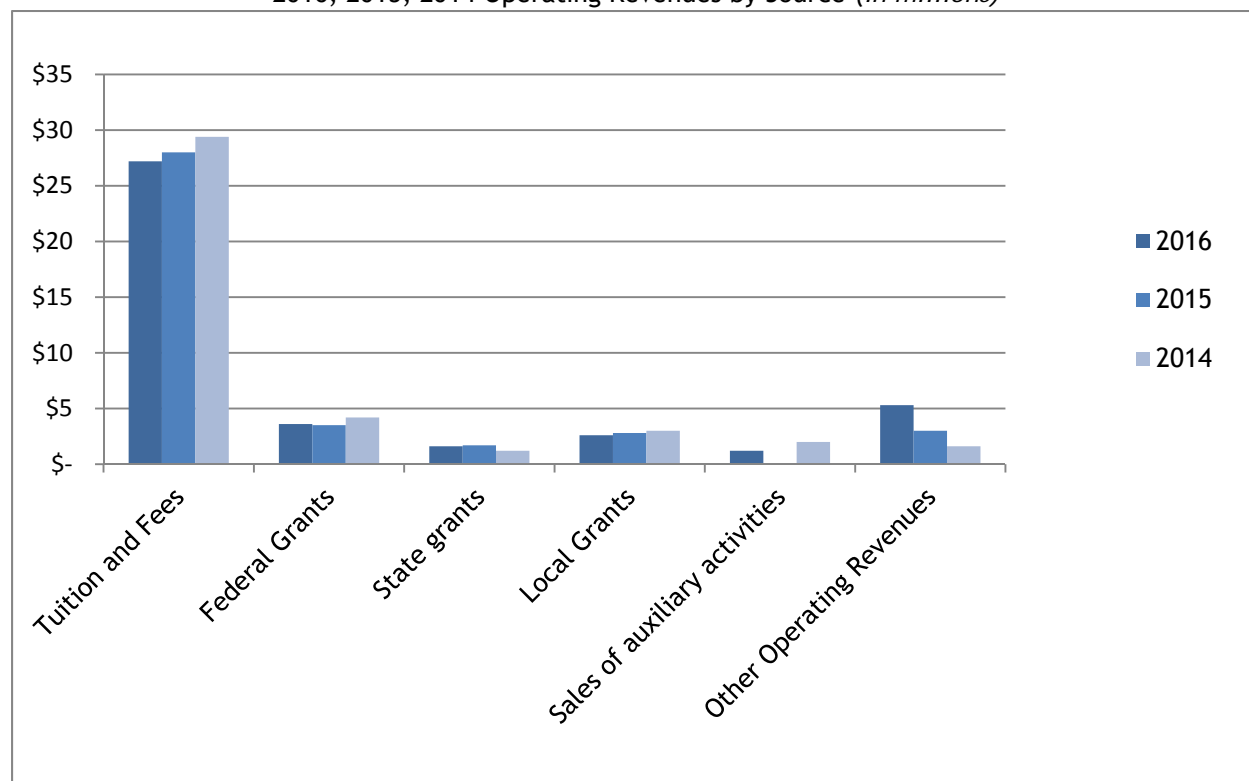
Operating Revenues

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.

2016 Operating Revenues by Source



2016, 2015, 2014 Operating Revenues by Source (in millions)



Operating Revenues

Fiscal Year 2016 Compared to 2015

Operating revenue changes were the result of the following factors:

- Tuition and fee revenue decreased by \$0.4 million. The decrease is attributable to decline in enrollment.
- Federal grants and contracts decreased by \$0.6 million primarily due to the decrease in Perkins and National Science Foundation grants offset by a slight increase in TAA grants.
- Local grants decreased \$0.7 million primarily due to the lower required match due to the decline in the Perkins federal grant.
- Auxiliary fund revenue increased \$1.0 million due to a change in the contract model and resulting increase in revenue for the Early Learning Children's Center.
- Miscellaneous revenue increased \$2.1 million as a result of unanticipated revenues from several programs including the High School Advantage, MAT2, RESA contracts, and the increased administrative fee earned as a result of the increase in the Michigan New Job Training Program activity.

Fiscal Year 2015 Compared to 2014

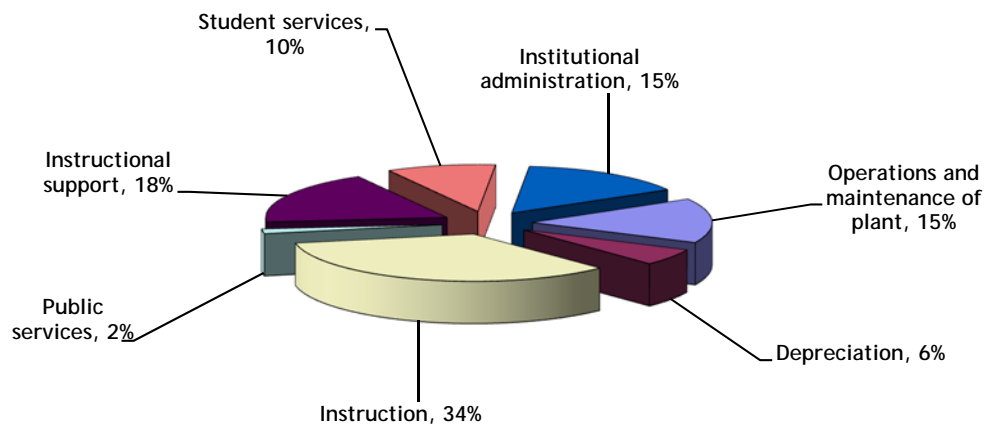
Operating revenue changes were the result of the following factors:

- Tuition and fee revenue decreased by \$1.0 million. The decrease is attributable to decline in enrollment.
- Federal grants and contracts increased by \$0.7 million primarily due to the increase in allocations to the TRIO, CCAMPIS, and TAA grants totaling \$0.9 million offset by decreases in other grants.
- State grants increased by \$0.5 million primarily due to the increase in The Early College grants.
- Local grants increased \$0.5 million due to the establishment of grant funds for LCC Foundation funding offset by a decrease in the required match due to the decline in the Perkins federal grant.
- Auxiliary fund revenue decreased by \$1.5 million due to a change in the parking fee charged to students from an additional charge to a component of the student support fee and is now reflected in tuition and fees.
- Miscellaneous revenue increased \$1.1 million as a result of new auxiliary services vending commissions and the increased administrative fee earned as a result of the increase in the Michigan New Job Training Program activity.

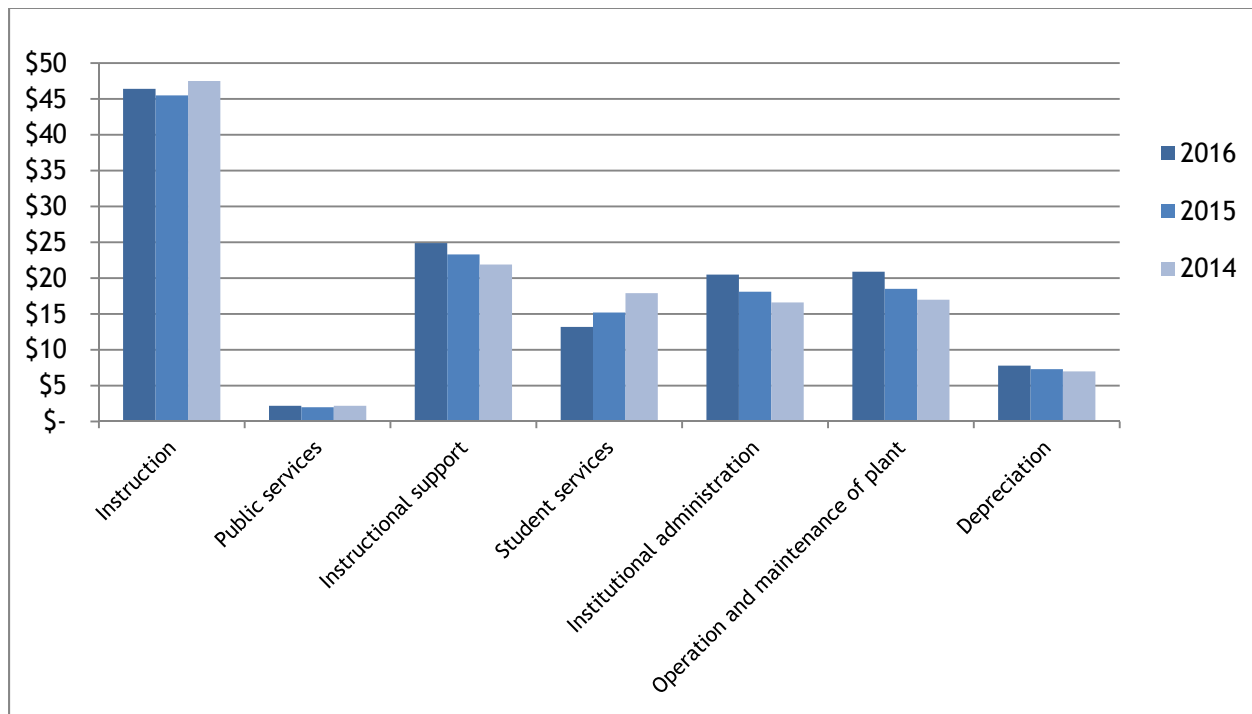
Operating Expenses

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

2016 Operating Expenses



2016, 2015, 2014 Operating Expenses by Function (*in millions*)



Fiscal Year 2016 Compared to 2015

Total operating expenses increased \$5.9 million. This increase included a \$3.8 million adjustment to pension expense compared to a \$1.5 million negative adjustment to pension expense in 2015 totaling \$5.3 million increase over the prior year. The remaining \$.6 million increase is primarily due to the change in the contract model for the Early Learning Children's Center as noted in the Operating Revenue section above.

Fiscal Year 2015 Compared to 2014

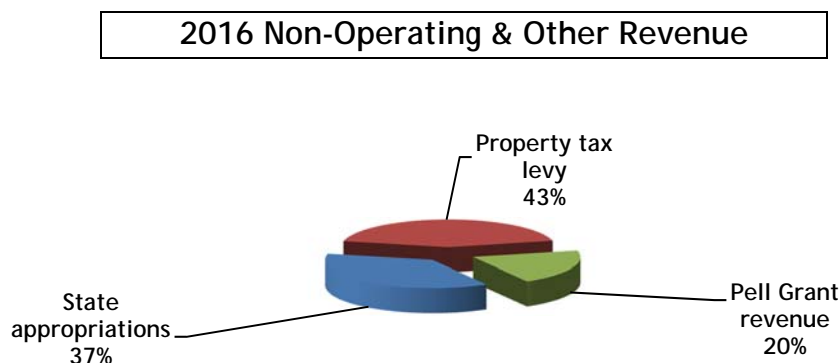
Total operating expenses decreased by \$0.2 million. However, this decrease included a \$1.5 million negative adjustment to pension expense as a result of the decrease in the long-term pension liability based upon the overall MPSEER plan year-end results. This \$1.5 million decrease was offset by a \$1.4 million increase in operating expenses.

Factors that influenced this increase included:

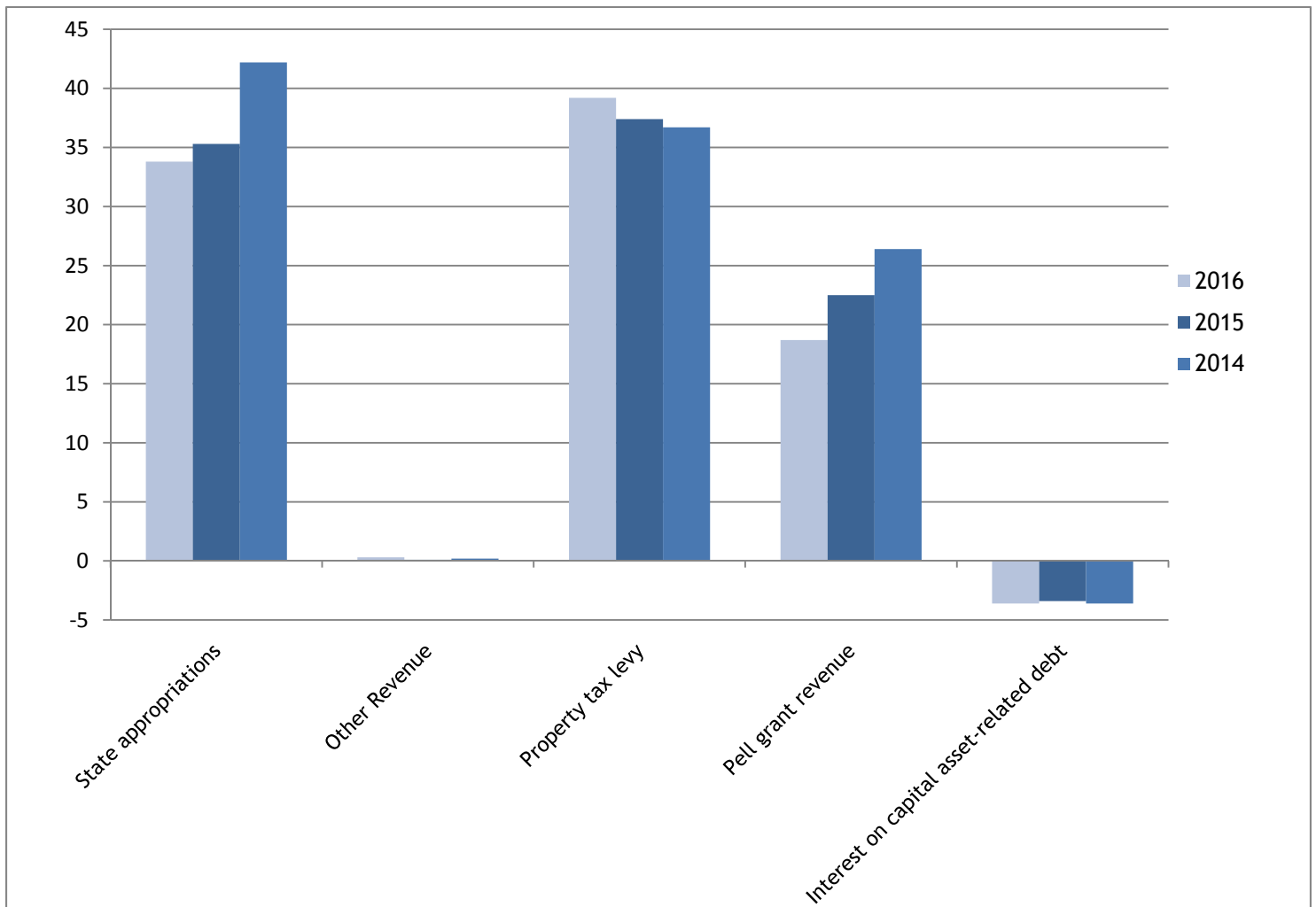
- Instruction decreased by \$1.2 million due primarily to a decrease in salary and benefit costs as a result of enrollment decline and less part-time faculty needs.
- Student services decreased by \$2.5 million due primarily to a decrease in the amount of Pell funds received by students.
- Instructional Support increased \$1.7 million primarily due to the implementation of various student success initiatives.
- Institutional administration increased by \$1.7 million due primarily to an increase in UAAL payments.
- Operation and Maintenance of Plant increased \$1.6 million due primarily to increased utility rates and increased power needs due to the unseasonably cold winter.

Non-Operating Revenues

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



2016, 2015, 2014 Net Non-Operating Revenue (in millions)



Fiscal Year 2016 Compared to 2015

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

- Pell Grant awards decreased \$3.8 million due to economic changes, and a decrease in enrollment.
- Property tax revenue increased \$1.8 million due to an increase in property values and prior year delinquent tax collections by local taxing authorities.
- State appropriations decreased \$1.5 million due to recording a portion of the UAAL stabilization appropriations from the State related to pension as deferred inflows due to the difference in the College's fiscal year end compared to the MPSERS fiscal year end.

Fiscal Year 2015 Compared to 2014

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

- Pell Grant awards decreased \$3.9 million due to economic changes, and a decrease in enrollment.
- Property tax revenue increased \$0.7 million due to a slight increase in property values and increased collections.
- State appropriations increased \$2.5 million due to an increase of the state operational grant and increased appropriations for pension liability costs, this was offset by a decrease in capital appropriations of \$9.4 million.

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

	2016	2015	Increase (Decrease) 2016-2015	2014	Increase (Decrease) 2015-2014
Cash provided (used) by:					
Operating activities	\$ (78.1)	\$ (82.7)	\$ 4.6	\$ (86.7)	\$ 4.0
Noncapital financing activities	91.6	94.8	(3.2)	96.4	(1.6)
Capital and related financing activities	(17.9)	(24.9)	7.0	(25.0)	0.1
Investing activities	3.1	0.5	2.6	(4.0)	4.5
Net decrease in cash	(1.3)	(12.3)	11.0	(19.3)	7.0
Cash, beginning of year	12.4	24.7	(12.3)	44.0	(19.3)
Cash, end of year	<u>\$ 11.1</u>	<u>\$ 12.4</u>	<u>\$ (1.3)</u>	<u>\$ 24.7</u>	<u>\$ (12.3)</u>
	2016	2015	Increase (Decrease) 2016-2015	2014	Increase (Decrease) 2015-2014
Unrestricted cash	\$ 11.1	\$ 12.4	\$ (1.3)	\$ 14.0	\$ (1.6)
Restricted cash	-	-	-	10.7	(10.7)
Total cash	<u>\$ 11.1</u>	<u>\$ 12.4</u>	<u>\$ (1.3)</u>	<u>\$ 24.7</u>	<u>\$ (12.3)</u>

Fiscal Year 2016 Compared to 2015

The College's cash and cash equivalents decreased by \$1.3 million during 2016 due to a number of offsetting factors in each of the following 4 categories:

- Operating Activities used \$4.6 million less due primarily to decreased salaries and wage payments offset by decreased receipts of tuition and fees and grants and contracts and increased payments to suppliers.
- Noncapital Financing Activities received \$3.2 million less due to lower Pell grant receipts offset by higher property tax receipts.
- Capital and Related Financing Activities used \$7.0 million less due primarily to reduced purchases of capital assets.
- Investing Activities received \$2.6 million more due to liquidation of investments.

Fiscal Year 2015 Compared to 2014

The College's cash and cash equivalents decreased by \$12.3 million during 2015 primarily due to the use of the balance of the restricted bond proceeds for the *Build Forward* initiative and the decrease in the receipt of Pell grants.

Capital Assets and Debt Administration

Capital Assets

Fiscal Year 2016 Compared to 2015

As of June 30, 2016, the College had \$345.6 million invested in capital assets, net of accumulated depreciation of \$144.9 million, resulting in \$200.7 million in net capital assets. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. The total increase in the College's net capital assets for the 2016 fiscal year is \$2.0 million. Annual depreciation for fiscal 2016 was \$7.8 million, which was offset by additions of \$9.8 million.

Significant additions include the construction in progress and equipment purchases related to the Center for Manufacturing Excellence and Community College Skilled Trades Equipment Grant project.

Details of these assets at net book value for 2016, 2015, and 2014 are shown below (in millions):

	2016	2015	Increase (Decrease) 2016-2015	2014	Increase (Decrease) 2015-2014
Land	\$ 14.8	\$ 14.8	\$ -	\$ 14.8	\$ -
Buildings and improvements	222.2	214.3	7.9	210.7	3.6
Furniture, fixtures and equipment	81.2	77.6	3.6	72.0	5.6
Infrastructure and land improvement:	4.8	3.8	1.0	3.8	-
Construction in progress	22.6	25.5	(2.9)	18.5	7.0
Total property and equipment	345.6	336.0	9.6	319.8	16.2
Less accumulated depreciation	144.9	137.3	7.6	130.0	7.3
Property and equipment, net	<u>\$ 200.7</u>	<u>\$ 198.7</u>	<u>\$ 2.0</u>	<u>\$ 189.8</u>	<u>\$ 8.9</u>

For more detailed information of capital assets activity, refer to Note 4, Capital Assets, within the notes to financial statements section of this document (pages 37 and 38).

Fiscal Year 2015 Compared to 2014

As of June 30, 2015, the College had \$336.0 million invested in capital assets, net of accumulated depreciation of \$137.3 million, resulting in \$198.7 million in net capital assets. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. The total increase in the College's net capital assets for the 2015 fiscal year is \$8.9 million. Annual depreciation for fiscal 2015 was \$7.3 million, which was offset by additions of \$16.2 million.

Significant additions include the construction in progress related to the *Build Forward* projects and related purchases of furnishings.

Debt

At year end, the College had \$75.4 million in outstanding debt including five outstanding bond issues. The 2005 and 2007 bond issues will be paid off in May 2017. The 2012 bond issue will be paid off in May of 2032. The 2012 bond issue included \$13 million in escrow which paid off a 2003 bond issue and significantly changed the payoff date of the 2005 bond issue. The 2015 refunding bonds were issued to pay off the 2006 bond issue in May 2016. The 2016 refunding bonds were issued to pay off the 2007 bond issue in May 2017. Both the 2015 and 2016 refunding bonds will be paid off in May 2026.

			Increase (Decrease)		Increase (Decrease)
	2016	2015	2016-2015	2014	2015-2014
2005 building & site bonds	\$ 4.0	\$ 8.4	\$ (4.4)	\$ 12.5	\$ (4.1)
2006 general obligation bonds	-	7.6	(7.6)	8.1	(0.5)
2007 general obligation bonds	0.4	7.9	(7.5)	8.1	(0.2)
2012 building & site bonds	56.0	56.6	(0.6)	57.6	(1.0)
2015 refunding bonds	7.4	-	7.4	-	-
2016 refunding bonds	7.6	-	7.6	-	-
National City note payable	-	-	-	0.1	(0.1)
Total long-term debt	75.4	80.5	(5.1)	86.4	(5.9)
Less current portion of long-term debt	(6.1)	(5.2)	(0.9)	(5.2)	-
Long-term debt, net of current portion	<u>\$ 69.3</u>	<u>\$ 75.3</u>	<u>\$ (6.0)</u>	<u>\$ 81.2</u>	<u>\$ (5.9)</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 39 through 41).

Economic Factors That Will Affect the Future

In fiscal year 2002, Lansing Community College received more than \$32 million in state appropriations. Since that time, Michigan community colleges have experienced a continued decrease in state appropriations until fiscal year 2013. Beginning in fiscal year 2013, appropriations to community colleges began to increase, however operating appropriations are still under the 2002 levels totaling \$31.5 million in fiscal year 2016. In total Lansing Community College received \$33.7 million in appropriations, however \$2.2 million of that amount was received and immediately paid to the Office of Retirement Systems for the Michigan Public Schools Retirement System (MPERS) pension Unfunded Actuarial Accrued Liability as required by the State Appropriations Act.

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 increased again in 2016. Lansing Community College ranks in the middle of Michigan's 28 community colleges in terms of taxable value per Fiscal Year Equated Student (FYES). Property tax revenue is projected to continue a slight increase in the subsequent fiscal year 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 will 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 statute and may be amended only by action of the State Legislature. The rates for the years ended June 30, 2016 and 2015 as a percentage of payroll ranged from 31.49 to 36.31 percent and 29.35 to 33.41 percent, respectively.

The College budgets approximately \$51 million in salaries and wages for employees who participate in MPSERS, 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 2017 as a result of the increase in the mandatory hard cap percentage public employers are required to fund toward employee health benefits.

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, 2016 AND JUNE 30, 2015

	Primary Government Lansing Community College		Component Unit Lansing Community College Foundation	
	2016	2015	2016	2015
Assets				
Current assets				
Cash and cash equivalents	\$ 11,061,971	\$ 12,422,536	\$ 94,286	\$ 103,312
Short-term investments	22,581,369	19,421,016	60,336	21,945
Property taxes receivable, net	287,126	530,893	-	-
State appropriations receivable	6,713,298	6,383,580	-	-
Accounts receivable, net	4,754,765	5,152,717	2,923	6,220
Federal and state grants receivable	2,148,789	1,190,680	-	-
Inventories	178,035	226,181	-	-
Prepaid expenses and other assets	1,806,022	226,497	-	-
Due from Component Unit	22,682	50,825	-	-
Total current assets	49,554,057	45,604,925	157,545	131,477
Noncurrent assets				
Long-term investments	5,083,991	11,142,907	9,956,227	10,445,404
Promises to give, net of current portion	-	-	-	2,074
Capital assets not being depreciated	37,467,173	40,288,040	-	-
Capital assets being depreciated, net	163,263,927	158,465,482	-	-
Total noncurrent assets	205,815,091	209,896,429	9,956,227	10,447,478
Total assets	255,369,148	255,501,354	10,113,772	10,578,955
Deferred outflows of resources				
Deferred charge on refunding	997,967	1,164,295	-	-
Deferred pension amounts (Notes 1 and 7)	14,002,164	18,050,453	-	-
Total deferred outflows of resources	15,000,131	19,214,748	-	-
Liabilities				
Current liabilities				
Accounts payable	5,703,957	3,657,124	16,312	25,885
Due to primary government	-	-	22,682	50,825
Accrued payroll and other compensation	7,120,604	5,471,408	-	-
Accrued vacation	1,615,870	1,560,803	-	-
Accrued interest payable	465,461	560,995	-	-
Unearned revenue	3,417,583	3,382,722	-	-
Other current liabilities	-	27,564	-	-
Current portion of debt obligations	6,115,000	5,215,000	-	-
Total current liabilities	24,438,475	19,875,616	38,994	76,710
Noncurrent liabilities				
Long-term debt obligations, net of current portion	69,248,858	75,293,790	-	-
Net pension liability (Notes 1 and 7)	134,564,773	123,194,232	-	-
Total noncurrent liabilities	203,813,631	198,488,022	-	-
Total liabilities	228,252,106	218,363,638	38,994	76,710
Deferred inflows of resources				
Deferred pension amounts (Notes 1 and 7)	5,425,038	13,619,218	-	-
Net position				
Net investment in capital assets	126,365,209	119,409,027	-	-
Restricted:				
Restricted for restricted fund activities	-	152,940	-	-
Nonexpendable - permanently restricted	-	-	7,044,758	6,872,751
Expendable - temporarily restricted	-	-	2,929,580	3,489,472
Unrestricted (deficit) (Note 9)	(89,673,074)	(76,828,721)	100,440	140,022
Total net position	\$ 36,692,135	\$ 42,733,246	\$ 10,074,778	\$ 10,502,245

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, 2016 AND JUNE 30, 2015

	Primary Government Lansing Community College		Component Unit Lansing Community College Foundation	
	2016	2015	2016	2015
Operating revenues				
Tuition and fees (net of scholarship allowances of \$21,154,787 and \$23,181,704, respectively)	\$ 27,216,821	\$ 27,560,464	\$ -	\$ -
Federal grants and contracts	3,555,172	4,194,022	-	-
State grants and contracts	1,626,922	1,709,876	-	-
Local grants and contracts	2,589,527	3,316,514	-	-
Sales and services of educational activities	153,547	280,068	-	-
Sales and services of auxiliary activities	1,200,923	158,246	-	-
Job training programs	1,145,395	369,171	-	-
Miscellaneous	4,033,565	2,668,037	-	-
Total operating revenues	41,521,872	40,256,398	-	-
Operating expenses				
Instruction	46,417,111	45,539,843	-	-
Public services	2,157,956	2,015,322	-	-
Instructional support	24,916,745	23,323,896	-	-
Student services	13,207,329	15,240,309	-	-
Institutional administration	20,538,563	18,125,659	-	-
Operation and maintenance of plant	20,883,970	18,489,746	-	-
Depreciation	7,834,826	7,262,393	-	-
Foundation operations and fundraising	-	-	765,328	759,477
Total operating expenses	135,956,500	129,997,168	765,328	759,477
Operating loss	(94,434,628)	(89,740,770)	(765,328)	(759,477)
Nonoperating revenues (expenses)				
State appropriations	33,761,131	35,344,860	-	-
Property tax levy	39,207,101	37,390,260	-	-
Pell Grant revenue	18,705,818	22,505,731	-	-
Investment return and other gains (losses)	156,030	139,381	(36,487)	61,127
Interest on capital asset-related debt	(3,579,459)	(3,396,095)	-	-
Gifts	-	-	898,581	888,136
Payments to primary government	-	-	(696,240)	(614,645)
Net nonoperating revenues	88,250,621	91,984,137	165,854	334,618
Other revenues				
Capital gifts	142,896	-	-	-
Additions to permanent endowment funds	-	-	172,007	164,206
Total other revenues	142,896	-	172,007	164,206
Change in net position	(6,041,111)	2,243,367	(427,467)	(260,653)
Net position, beginning of year	42,733,246	160,769,992	10,502,245	10,762,898
Implementation of GASB 68 (Notes 1 and 7)	-	(120,280,113)	-	-
Adjusted net position, beginning of year	42,733,246	40,489,879	10,502,245	10,762,898
Net position, end of year	\$ 36,692,135	\$ 42,733,246	\$ 10,074,778	\$ 10,502,245

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

	Primary Government Lansing Community College	
	2016	2015
Cash flows from operating activities		
Tuition and fees	\$ 27,677,777	\$ 28,514,103
Grants and contracts	6,813,512	11,640,367
Payments to suppliers and students	(39,186,293)	(36,575,491)
Payments to or on behalf of employees	(81,547,841)	(91,395,394)
Educational enterprise charges	153,547	280,068
Auxiliary enterprise charges	1,467,087	422,561
Other	6,538,170	4,396,418
Net cash used in operating activities	(78,084,041)	(82,717,368)
Cash flows from noncapital financing activities		
Local property taxes	39,450,868	37,394,996
Pell Grant receipts	18,705,818	22,505,731
William D. Ford direct lending receipts	25,096,493	29,728,068
William D. Ford direct lending disbursements	(25,096,493)	(29,728,068)
State scholarship and grant receipts	1,461,952	1,332,688
State scholarship and grant disbursements	(1,461,952)	(1,332,688)
State appropriations	33,431,413	34,862,506
Net cash provided by noncapital financing activities	91,588,099	94,763,233
Cash flows from capital and related financing activities		
Purchase of capital assets	(9,812,404)	(16,235,916)
Principal paid on capital debt and other noncurrent obligations	(12,490,000)	(5,234,848)
Proceeds from sales of capital assets	2,968	23,685
Capital gifts	142,896	-
Discount on bonds	2,757	2,757
Proceeds from bond refunding	7,912,528	-
Interest paid on capital asset-related debt	(3,674,993)	(3,421,900)
Net cash used in capital and related financing activities	(17,916,248)	(24,866,222)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	5,067,698	1,509,478
Interest on investments	17,549	127,894
Purchases of investments	(2,033,622)	(1,130,310)
Net cash provided by investing activities	3,051,625	507,062
Net decrease in cash and cash equivalents	(1,360,565)	(12,313,295)
Cash and cash equivalents, beginning of year	12,422,536	24,735,831
Cash and cash equivalents, end of year	\$ 11,061,971	\$ 12,422,536

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS (Concluded) YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2015

	Primary Government Lansing Community College	
	2016	2015
Reconciliation of operating loss		
to net cash used in operating activities		
Operating loss	\$ (94,434,628)	\$ (89,740,770)
Adjustments to reconcile operating loss to net cash		
used in operating activities		
Depreciation	7,834,826	7,262,392
Amortization of bond premium	(570,217)	(669,874)
Amortization of loss on refunding	166,328	166,327
(Increase) decrease in operating assets:		
Accounts receivable, net	426,095	979,523
Federal and state grants receivable	(958,109)	2,419,955
Inventories	48,146	(63,051)
Prepaid expenses and other current assets	(1,579,525)	260,901
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	2,019,269	(2,388,247)
Accrued payroll and other compensation	1,649,196	567,282
Accrued vacation	55,067	31,194
Unearned revenue	34,861	(25,884)
Change in net pension liability and deferred amounts	7,224,650	(1,517,116)
Net cash used in operating activities	<u>\$ (78,084,041)</u>	<u>\$ (82,717,368)</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, 2016 and 2015, the Foundation distributed \$696,240 and \$614,645, respectively, to the College for both restricted and unrestricted purposes. Complete financial statements prepared in accordance with accounting standards established by the Financial Accounting Standards Board for the Foundation can be obtained from the Administrative Office at 309 N. Washington, Suite 203, Lansing, Michigan, 48933.

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

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

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

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

C. Cash and Cash Equivalents

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

D. Investments

College investments must conform to State statutes governing investment of public funds and are limited to allowable investments as stated in the statute. All College investments held at June 30, 2016 and June 30, 2015 were in the form of Certificate of Deposits (CDs) or Certificate of Deposit Account Registry Service (CDARS). CDs and CDARS are recorded at the initial investment amount plus earned interest and are classified as short- or long-term investments based on the instrument's maturity date.

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. Capital Assets

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 Infrastructure and improvements caption in Note 4.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

H. Prepaid Expenses and Other Assets

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

I. Deferred Outflows of Resources

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

J. Deferred Inflow of Resources

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

K. Pension

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

L. 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 2016 summer semester began May 21, 2016 and ended August 15, 2016. The 2015 summer semester began June 5, 2015 and ended August 2, 2015.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

M. 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, 2016 and 2015, 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 was repaid by reducing the levy to General Motors over a period of 6 years. A refundable amount of \$27,564 was recorded within other liabilities in the accompanying statement of net position at June 30, 2015. There were no amounts refundable at June 30, 2016.

N. State Appropriations Revenue

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

O. 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.

P. 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, 2016 and 2015 is classified as a current liability in the accompanying statements of net position.

Q. 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.

R. 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.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

S. Use of Estimates

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

T. 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.

U. New Accounting Pronouncement

As of July 1, 2014, the College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement requires that the College recognize 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. More detailed information can be found in Note 7. As a result of this change, the College recognized a net pension liability of \$131,054,135 and deferred outflows of resources of \$10,774,022, which resulted in a decrease in net position of \$120,280,113 as of July 1, 2014.

2. DEPOSITS AND INVESTMENTS

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

	2016	2015
Cash and cash equivalents	\$ 11,061,971	\$ 12,422,536
Short-term investments:		
Insured Cash Sweep (ICS) Account	5,289,282	5,282,283
Certificate of Deposit Account Registry Service (CDARS)	17,292,087	14,138,733
Long-term investments (CDARS)	<u>5,083,991</u>	<u>11,142,907</u>
	<u>\$ 38,727,331</u>	<u>\$ 42,986,459</u>

The College did not hold any investment securities as of June 30, 2016 or 2015.

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 investments have scheduled maturities as follows as of June 30:

2016	Less Than One Year	One to Five Years	Total
ICS	\$ 5,289,282	\$ -	\$ 5,289,282
CDARS	17,292,087	5,083,991	22,376,078
	<u>\$ 22,581,369</u>	<u>\$ 5,083,991</u>	<u>\$ 27,665,360</u>

2015	Less Than One Year	One to Five Years	Total
ICS	\$ 5,282,283	\$ -	\$ 5,282,283
CDARS	14,138,733	11,142,907	25,281,640
	<u>\$ 19,421,016</u>	<u>\$ 11,142,907</u>	<u>\$ 30,563,923</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.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank or financial institution failure, the College's deposits may not be returned to it because the deposits were uninsured and uncollateralized. It is the policy of the College to minimize custodial credit risk whenever possible. At June 30, 2016, \$0 of the College's bank balance of \$40,172,673 was uninsured and uncollateralized. At June 30, 2015, \$0 of the College's bank balance of \$43,793,676 was uninsured and uncollateralized. The College does have over \$10,000,000 at one institution as of June 30, 2016 and 2015. 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.

3. PROPERTY TAXES AND ACCOUNTS RECEIVABLE

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

	2016	2015
Property taxes receivable	\$ 5,698,499	\$ 5,429,844
Less allowance for doubtful collection	<u>(5,411,373)</u>	<u>(4,898,951)</u>
Property taxes receivable, net	<u>\$ 287,126</u>	<u>\$ 530,893</u>

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

	2016	2015
Accounts receivable	\$ 21,842,496	\$ 21,648,419
Less allowance for doubtful collection	<u>(17,087,731)</u>	<u>(16,495,702)</u>
Accounts receivable, net	<u>\$ 4,754,765</u>	<u>\$ 5,152,717</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2016 and 2015 follows:

	Beginning Balance July 1, 2015	Additions	Deletions	Transfers	Ending Balance June 30, 2016
Assets not being depreciated:					
Land	\$ 14,824,146	\$ -	\$ -	\$ -	\$ 14,824,146
Construction in progress	<u>25,463,894</u>	<u>8,049,771</u>	<u>-</u>	<u>(10,870,638)</u>	<u>22,643,027</u>
Total capital assets not being depreciated	<u>40,288,040</u>	<u>8,049,771</u>	<u>-</u>	<u>(10,870,638)</u>	<u>37,467,173</u>
Capital assets being depreciated:					
Buildings and improvements	214,281,696	-	-	7,837,093	222,118,789
Furniture and equipment	77,615,725	1,747,851	(175,980)	2,031,494	81,219,090
Infrastructure and improvements	<u>3,823,329</u>	<u>14,782</u>	<u>-</u>	<u>1,002,051</u>	<u>4,840,162</u>
Total capital assets being depreciated	<u>295,720,750</u>	<u>1,762,633</u>	<u>(175,980)</u>	<u>10,870,638</u>	<u>308,178,041</u>
Less accumulated depreciation:					
Buildings and improvements	69,091,026	5,170,111	-	-	74,261,137
Furniture and equipment	64,876,182	2,502,845	(175,980)	-	67,203,047
Infrastructure and improvements	<u>3,288,060</u>	<u>161,870</u>	<u>-</u>	<u>-</u>	<u>3,449,930</u>
Total accumulated depreciation	<u>137,255,268</u>	<u>7,834,826</u>	<u>(175,980)</u>	<u>-</u>	<u>144,914,114</u>
Capital assets being depreciated, net	<u>158,465,482</u>	<u>(6,072,193)</u>	<u>-</u>	<u>10,870,638</u>	<u>163,263,927</u>
Property and equipment, net	<u>\$198,753,522</u>	<u>\$ 1,977,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,731,100</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

	Beginning Balance July 1, 2014	Additions	Deletions	Transfers	Ending Balance June 30, 2015
Assets not being depreciated:					
Land	\$ 14,824,146	\$ -	\$ -	\$ -	\$ 14,824,146
Construction in progress	<u>18,522,748</u>	<u>11,054,091</u>	<u>-</u>	<u>(4,112,945)</u>	<u>25,463,894</u>
Total capital assets not being depreciated	<u>33,346,894</u>	<u>11,054,091</u>	<u>-</u>	<u>(4,112,945)</u>	<u>40,288,040</u>
Capital assets being depreciated:					
Buildings and improvements	210,679,785	321,535	-	3,280,376	214,281,696
Furniture and equipment	72,030,222	4,797,959	(45,025)	832,569	77,615,725
Infrastructure and improvements	<u>3,760,998</u>	<u>62,331</u>	<u>-</u>	<u>-</u>	<u>3,823,329</u>
Total capital assets being depreciated	<u>286,471,005</u>	<u>5,181,825</u>	<u>(45,025)</u>	<u>4,112,945</u>	<u>295,720,750</u>
Less accumulated depreciation:					
Buildings and improvements	64,064,648	5,026,378	-	-	69,091,026
Furniture and equipment	62,806,845	2,102,164	(32,827)	-	64,876,182
Infrastructure and improvements	<u>3,154,210</u>	<u>133,850</u>	<u>-</u>	<u>-</u>	<u>3,288,060</u>
Total accumulated depreciation	<u>130,025,703</u>	<u>7,262,392</u>	<u>(32,827)</u>	<u>-</u>	<u>137,255,268</u>
Capital assets being depreciated, net	<u>156,445,302</u>	<u>(2,080,567)</u>	<u>(12,198)</u>	<u>4,112,945</u>	<u>158,465,482</u>
Property and equipment, net	<u>\$189,792,196</u>	<u>\$ 8,973,524</u>	<u>\$ (12,198)</u>	<u>\$ -</u>	<u>\$ 198,753,522</u>

As of June 30, 2016, construction in progress reflected amounts expended for the new Community College Skilled Trades Equipment Program (CCSTEP), Gannon renovations, Arts & Sciences renovations Phase 2, and Infrastructure Upgrade, which were not yet completed as of June 30, 2016. As of June 30, 2016, the College had approximately \$3.5 million of outstanding commitments related to these projects, which will be funded by certain general fund monies and grant monies.

5. UNEARNED REVENUE

Unearned revenue at June 30 consists of the following:

	2016	2015
Phil's gift cards	\$ 1,189	\$ 1,278
Student tuition and fees	2,837,124	2,746,838
Contracted training deposits	-	4,350
Restricted funds	<u>579,270</u>	<u>630,256</u>
Total	<u>\$ 3,417,583</u>	<u>\$ 3,382,722</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 80,508,790	\$ 15,120,000	\$ 20,264,932	\$ 75,363,858	\$ 6,115,000
Property tax refundable	<u>27,564</u>	<u>-</u>	<u>27,564</u>	<u>-</u>	<u>-</u>
Total long-term liabilities	<u>\$ 80,536,354</u>	<u>\$ 15,120,000</u>	<u>\$ 20,292,496</u>	<u>\$ 75,363,858</u>	<u>\$ 6,115,000</u>

Long-term liabilities activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$ 86,310,907	\$ -	\$ 5,802,117	\$ 80,508,790	\$ 5,215,000
Note payable	<u>99,848</u>	<u>-</u>	<u>99,848</u>	<u>-</u>	<u>-</u>
Property tax refundable	<u>69,405</u>	<u>-</u>	<u>41,841</u>	<u>27,564</u>	<u>27,564</u>
Total long-term liabilities	<u>\$ 86,480,160</u>	<u>\$ -</u>	<u>\$ 5,943,806</u>	<u>\$ 80,536,354</u>	<u>\$ 5,242,564</u>

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

	2016	2015
2005 building and site and refunding bonds original balance of \$21,740,000, 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)	\$ 3,990,000	\$ 7,930,000
2006 general obligation limited tax bonds refunded during fiscal 2016 (see below)	-	7,635,000
2007 general obligation limited tax bonds original balance of \$9,470,000, due in installments of \$275,000 to \$900,000 through May 1, 2026 plus interest at 4.0% to 4.3% (partially refunded during fiscal 2016; see below)	350,000	7,875,000

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

	2016	2015
2012 building and site and refunding bonds original balance of \$50,300,000, due in installments of \$80,000 to \$5,240,000 through May 1, 2032 plus interest at 2.0% to 5.0%	\$ 48,765,000	\$ 49,280,000
2015 limited tax refunding bonds original balance of \$7,395,000, due in installment of \$640,000 to \$845,000 through May 1, 2026 plus interest at 2.20%	7,395,000	-
2016 limited tax refunding bonds original balance of \$7,725,000, due in installments of \$85,000 to \$870,000 through May 1, 2026 plus interest at 2.140%	7,625,000	-
Plus: premium on bonds	7,248,905	7,819,122
Less: discount on bonds	(10,047)	(30,332)
Total long-term debt obligations	<u>\$ 75,363,858</u>	<u>\$ 80,508,790</u>

Scheduled principal and interest requirements of debt obligations for years succeeding June 30, 2016 are summarized as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2017	\$ 6,115,000	\$ 2,792,766	\$ 8,907,766
2018	3,875,000	2,521,366	6,396,366
2019	4,035,000	2,368,550	6,403,550
2020	4,160,000	2,234,273	6,394,273
2021	3,360,000	2,068,902	5,428,902
2022-2026	18,530,000	8,493,032	27,023,032
2027-2031	22,810,000	4,703,050	27,513,050
2032	<u>5,240,000</u>	<u>262,000</u>	<u>5,502,000</u>
	68,125,000	25,443,939	93,568,939
Premium on bonds	7,248,905	-	7,248,905
Discount on bonds	<u>(10,047)</u>	<u>-</u>	<u>(10,047)</u>
Total as of June 30, 2015	<u>\$ 75,363,858</u>	<u>\$ 25,443,939</u>	<u>\$ 100,807,797</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Scheduled principal and interest requirements of debt obligations for years succeeding June 30, 2015 are summarized as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$ 5,215,000	\$ 3,284,752	\$ 8,499,752
2017	5,965,000	3,043,282	9,008,282
2018	3,730,000	2,766,508	6,496,508
2019	3,905,000	2,594,808	6,499,808
2020	4,055,000	2,440,170	6,495,170
2021-2025	17,755,000	9,782,720	27,537,720
2026-2030	21,865,000	5,649,576	27,514,576
2031-2032	10,230,000	773,500	11,003,500
	<u>72,720,000</u>	<u>30,335,316</u>	<u>103,055,316</u>
Premium on bonds	7,819,122	-	7,819,122
Discount on bonds	<u>(30,332)</u>	<u>-</u>	<u>(30,332)</u>
Total as of June 30, 2015	<u>\$ 80,508,790</u>	<u>\$ 30,335,316</u>	<u>\$ 110,844,106</u>

Interest is payable semi-annually on the bonds payable. The principal and interest are generally payable from the College's nonoperating revenues. Certain bonds are callable at par and accrue interest plus a premium. Total interest charged to expense for the years ended June 30, 2016 and 2015 was \$3,579,459 and \$3,396,095, respectively.

Bond Defeasance

During fiscal year 2016, Lansing Community College advance refunded \$7,175,000 of 2006 general obligation limited tax bonds and \$7,225,000 of 2007 general obligation limited tax bonds to provide resources to purchase U.S. government securities that were placed in an escrow fund for the purpose of generating resources for all future debt service payments on \$14,400,000 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 \$1,069,016 and an economic gain of \$956,484. The 2006 series defeased bonds were then called prior to year-end. At June 30, 2016, \$7,225,000 of the series 2007 bonds outstanding were considered defeased.

7. EMPLOYEE RETIREMENT SYSTEM

Defined Benefit Plan

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

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

The System's financial statements are available at www.michigan.gov/mpsers-cafr.

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

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

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2015 valuation will be amortized over a 21-year period.

Employer contribution requirements for pension, inclusive of the MPSERS UAAL Stabilization rates, ranged from 14.56% to 30.70% of covered payroll for the College's fiscal 2016. Plan member contributions range from 0.0% to 7.0% of covered payroll for the College's fiscal 2016.

Employer contribution requirements for pension, inclusive of the MPSERS UAAL Stabilization rates, ranged from 15.44% to 30.70% of covered payroll for the College's fiscal 2015. Plan member contributions range from 0.0% to 7.0% of covered payroll for the College's fiscal 2015.

The College's contribution to MPSERS under all pension plans for the years ended June 30, 2016 and 2015 were \$11,176,120 and \$14,585,927, respectively. The College's contributions to MPSERS for all plans, including other postemployment benefits as described on page 47, for the year ended June 30, 2014 was \$12,067,205. These amounts are equal to the College's required contributions for each year.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2016 and 2015, the College reported a liability of \$134,564,773 and \$123,194,232, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2014 and 2013, respectively. The College's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2015, the College's proportion was 0.55093% compared to 0.55930% at September 30, 2014, a decrease of 0.00837%.

For the year ended June 30, 2016, the College recognized its proportional share of the Plan's pension expense of \$10,958,000. At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
2016			
Differences between expected and actual experience	\$ -	\$ 445,718	\$ (445,718)
Changes in assumptions	3,313,270	-	3,313,270
Net difference between projected and actual earnings on pension plan investments	686,845	-	686,845
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>15,234</u>	<u>1,560,036</u>	<u>(1,544,802)</u>
	4,015,349	2,005,754	2,009,595
Pension portion of Sec 147c state aid award (School Year 2015-2016)	-	3,419,284	(3,419,284)
College contributions subsequent to the measurement date	<u>9,986,815</u>	<u>-</u>	<u>9,986,815</u>
Total	<u>\$ 14,002,164</u>	<u>\$ 5,425,038</u>	<u>\$ 8,577,126</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

The \$9,986,815 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. The \$3,419,284 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State Aid revenue for the year ending June 30, 2017. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2017	\$ (37,689)
2018	(37,689)
2019	(217,634)
2020	<u>2,302,607</u>
Total	<u>\$ 2,009,595</u>

For the year ended June 30, 2015, the College's proportionate share of pension expense was \$9,981,000. At June 30, 2015, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
2015			
Changes in assumptions	\$ 4,545,619	\$ -	\$ 4,545,619
Net difference between projected and actual earnings on pension plan investments	<u>-</u> 4,545,619	<u>13,619,218</u> 13,619,218	<u>(13,619,218)</u> (9,073,599)
College contributions subsequent to the measurement date	<u>13,504,834</u>	<u>-</u>	<u>13,504,834</u>
Total	<u>\$ 18,050,453</u>	<u>\$ 13,619,218</u>	<u>\$ 4,431,235</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension liability in the September 30, 2014 and 2013 actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	3.5%
Projected salary increases	3.5% to 12.3%, including wage inflation at 3.5%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	8.0%
Pension Plus plan (hybrid)	7.5% for 2014 (7% for 2013)
Cost of living adjustments	3.0% annual, non-compounded for MIP members

The mortality table used in these valuations were the RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Assumption changes as a result of an experience study for the period 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. The total pension liability as of September 30, 2015 and 2014, is based on the results of an actuarial valuation date of September 30, 2014 and 2013, respectively, and rolled forward using generally accepted actuarial procedures, including the experience study for the 2014 valuation.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Long-Term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 and 2014, are summarized in the following tables:

<u>2015</u>			
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00 %	5.90 %	1.64 %
Alternative investment pools	18.00	9.20	1.66
International equity	16.00	7.20	1.15
Fixed income pools	10.50	0.90	0.09
Real estate and infrastructure pools	10.00	4.30	0.43
Absolute return pools	15.50	6.00	0.93
Short-term investment pools	2.00	0.00	0.00
			5.90 %
	<u>100.00 %</u>		
Inflation			2.10
Investment rate of return			<u>8.00 %</u>

<u>2014</u>			
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	28.00 %	4.80 %	1.34 %
Alternative investment pools	18.00	8.50	1.53
International equity	16.00	6.10	0.98
Fixed income pools	10.50	1.50	0.16
Real estate and infrastructure pools	10.00	5.30	0.53
Absolute return pools	15.50	6.30	0.98
Short-term investment pools	2.00	-0.20	-0.02
			5.50 %
	<u>100.00 %</u>		
Inflation			2.50
Investment rate of return			<u>8.00 %</u>

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

Discount Rate. A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the College as of June 30, 2016 and 2015, calculated using the discount rate of 8.0%, as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
College's proportionate share of net pension liability (2016)	\$ 173,488,488	\$ 134,564,773	\$ 101,750,488
College's proportionate share of net pension liability (2015)	\$ 162,421,410	\$ 123,194,232	\$ 90,145,514

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

Payable to the Pension Plan. At June 30, 2016, the College reported a payable of \$959,313 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2016. The College reported a payable of \$1,897,234 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2015.

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 pre-funded basis. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. A significant portion of the premium is paid by MPSERS with the balance deducted from the monthly pension. Employer contributions range from 2.71% to 6.83% and 2.2% to 2.71% of covered payroll for fiscal 2016 and 2015, respectively. Plan participants contribute 3% of covered payroll to the Retiree Healthcare Fund. At retirement, these individuals receive a subsidy for healthcare premiums that covers up to 80% 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% employee contribution into a personal tax-deferred account, which is matched by an additional 2% 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% 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 were declared unconstitutional by the Michigan Supreme Court. If sustained upon appeal, such amounts will be refunded by MPSERS to each College, including interest, and will then be refunded to individual employees.

The College's contributions to MPSERS for other postemployment benefits amounted to \$4,819,040 and \$1,743,040 for the years ended June 30, 2016 and 2015, respectively.

Other

Per MPSERS' comprehensive annual financial report as of September 30, 2015, the unfunded actuarial accrued liability (UAAL) for other postemployment benefits (OPEB/Healthcare) for MPSERS is \$11.2 billion, and the ratio of the UAAL to covered payroll is 136.9%.

For fiscal year ended June 30, 2016, Lansing Community College had approximately \$52.6 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 \$72 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 129 and 107 participants at June 30, 2016 and 2015, 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, 2016 were \$411,108 and \$1,147,162, respectively. The participant and College contributions to ORP for the year ended June 30, 2015 were \$364,844 and \$1,018,165, respectively.

LANSING COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

9. UNRESTRICTED NET DEFICIT

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

	2016	2015
Auxiliary activities	\$ 3,469,786	\$ 2,433,815
Encumbrances	1,240,522	1,262,469
Plant improvement	11,398,359	19,502,672
Pension liability fund deficit	(125,987,647)	(118,762,997)
Undesignated	<u>20,205,906</u>	<u>18,735,320</u>
Total unrestricted net deficit	<u>\$ (89,673,074)</u>	<u>\$ (76,828,721)</u>

10. LEASES

The College conducts a portion of its operations with leased property, including parking facilities and buildings. Net rental expense on these operating leases was \$1,132,411 and \$1,115,609 for fiscal 2016 and 2015, respectively.

The following is a schedule of annual future minimum lease payments required under these non-cancelable operating leases as of June 30, 2016:

Year	Amount
2017	\$ 1,143,937
2018	748,335
2019	663,940
2020	667,357
2021	289,917
2022-2026	343,713
2027-2031	277,583
2032-2036	<u>145,152</u>
Total minimum payments due	<u>\$ 4,279,934</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.

LANSING COMMUNITY COLLEGE

■ NOTES TO FINANCIAL STATEMENTS

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

■ 12. CONTINGENCIES

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

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

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LANSING COMMUNITY COLLEGE

Required Supplementary Information

MPERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Proportionate Share of the Net Pension Liability (Unaudited)

	Year Ended June 30, 2016	Year Ended June 30, 2015
College's proportion of the net pension liability	0.55093%	0.55930%
College's proportionate share of the net pension liability	\$ 134,564,773	\$ 123,194,232
College's covered-employee payroll	45,514,783	52,829,768
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	295.65%	233.19%
Plan fiduciary net position as a percentage of the total pension liability	63.17%	66.15%

The amounts presented for the fiscal year were determined as of September 30 of the preceding year.

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

LANSING COMMUNITY COLLEGE

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of College Contributions (Unaudited)

	Year Ended June 30, 2016	Year Ended June 30, 2015
Contractually required contribution	\$ 11,176,120	\$ 14,585,927
Contributions in relation to the contractually required contribution	<u>(11,176,120)</u>	<u>(14,585,927)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 46,159,222	\$ 48,782,946
Contributions as a percentage of covered employee payroll	24.2%	29.9%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.



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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
OPERATING REVENUES										
Tuition and fees (net of scholarships allowances)	\$27,216,821	\$27,560,464	\$28,554,591	\$29,363,192	\$28,979,245	\$29,649,088	\$27,265,422	\$29,903,915	\$30,337,889	\$26,232,399
Federal grants and contracts	3,555,172	4,194,022	3,508,779	4,226,015	4,610,027	4,919,228	4,405,710	4,326,131	4,161,928	4,738,870
State grants and contracts	1,626,922	1,709,876	1,202,810	1,414,642	1,236,128	308,623	589,955	1,158,988	1,170,917	1,856,065
Local grants and contracts	2,589,527	3,316,514	2,842,918	3,028,011	2,936,104	2,994,464	2,452,566	2,149,412	2,774,743	1,526,458
Sales and services of educational activities (1)	153,547	280,068	401,923	361,835	1,207,875	1,274,118	1,352,067	1,644,901	1,269,628	2,347,778
Sales and services of auxiliary activities	1,200,923	158,246	1,701,672	2,641,831	3,303,012	2,981,292	2,992,370	3,338,948	2,872,679	2,624,492
Job Training Programs	1,145,395	369,171	484,437	-	-	-	-	-	-	-
Miscellaneous	4,033,565	2,668,037	1,451,163	1,473,168	1,643,600	1,592,534	1,263,106	1,089,933	358,168	258,154
Total operating revenues	41,521,872	40,256,398	40,148,293	42,508,694	43,915,991	43,719,347	40,321,196	43,612,228	42,945,952	39,584,216
OPERATING EXPENSES										
Instruction	46,417,111	45,539,843	47,495,410	48,827,540	48,921,597	47,627,872	46,403,697	46,654,529	43,283,246	39,862,366
Information technology (2)	-	-	-	-	-	-	-	-	-	5,796,646
Public services	2,157,956	2,015,322	2,162,257	2,196,929	3,164,438	2,980,456	3,094,673	3,188,632	3,022,360	1,842,137
Instructional support	24,916,745	23,323,896	21,917,746	22,020,718	21,545,150	21,211,978	22,386,779	22,732,391	20,447,472	19,147,107
Student services (1)(3)	13,207,329	15,240,309	17,926,228	20,559,075	26,742,055	29,539,633	26,913,778	19,182,351	17,729,457	16,774,351
Institutional administration (1)	20,538,563	18,125,659	16,630,435	12,999,388	12,029,791	11,679,996	11,245,916	14,026,044	8,841,887	8,038,973
Operation and maintenance of plant (1)(3)	20,883,970	18,489,746	17,033,486	16,993,682	17,927,676	18,855,091	17,827,998	19,449,921	16,306,000	14,133,693
Depreciation expense	7,834,826	7,262,393	6,978,813	8,726,093	8,170,195	9,091,813	9,414,522	8,949,125	7,680,791	8,678,276
Total operating expenses	135,956,500	129,997,168	130,144,375	132,323,425	138,500,902	140,986,839	137,287,363	134,182,993	117,311,213	114,273,549
Operating loss	(94,434,628)	(89,740,770)	(89,996,082)	(89,814,731)	(94,584,911)	(97,267,492)	(96,966,167)	(90,570,765)	(74,365,261)	(74,689,333)
NONOPERATING REVENUES (EXPENSES)										
State appropriations	33,761,131	35,344,860	32,824,815	30,724,364	28,651,900	29,762,500	29,762,500	29,762,500	31,810,203	25,019,900
Property tax levy	39,207,101	37,390,260	36,718,154	37,294,876	38,543,630	40,359,554	41,681,996	42,147,127	41,722,075	39,394,072
Pell Grant revenue	18,705,818	22,505,731	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	156,030	139,381	177,187	224,494	509,745	195,154	82,155	437,689	1,244,354	1,018,574
Interest on capital asset - related debt	(3,579,459)	(3,396,095)	(3,627,164)	(3,664,322)	(2,403,409)	(2,725,686)	(2,936,962)	(3,097,828)	(3,241,375)	(2,888,177)
Other	-	-	-	-	-	-	-	-	-	(22,830)
Net nonoperating revenues	88,250,621	91,984,137	92,473,681	93,926,831	98,427,668	104,807,268	101,138,655	86,934,381	84,964,010	74,294,050
OTHER REVENUES										
State capital appropriations	-	-	9,366,050	-	-	-	-	1,092,736	2,532,140	1,592,206
Capital gifts	142,896	-	50,000	1,300,000	-	-	-	-	1,089,597	-
Total other revenues	142,896	-	9,416,050	1,300,000	-	-	-	1,092,736	3,621,737	1,592,206
Total change in net position	(6,041,111)	2,243,367	11,893,649	5,412,100	3,842,757	7,539,776	4,172,488	(2,543,648)	14,220,486	1,196,923
NET POSITION, beginning of year	42,733,246	160,769,992	148,876,343	143,464,243	137,988,429	130,448,653	126,276,165	128,819,813	114,599,327	113,402,404
Implementation of GASB 68	-	(120,280,113)	-	-	-	-	-	-	-	-
NET POSITION, beginning of year (4)	42,733,246	40,489,879	148,876,343	143,464,243	137,988,429	130,448,653	126,276,165	128,819,813	114,599,327	113,402,404
NET POSITION, end of year	\$ 36,692,135	\$ 42,733,246	\$ 160,769,992	\$ 148,876,343	\$ 141,831,186	\$ 137,988,429	\$ 130,448,653	\$ 126,276,165	\$ 128,819,813	\$ 114,599,327

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

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

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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net Position:										
Net investment in capital assets	\$126,365,209	\$119,409,027	\$115,441,982	\$104,514,717	\$104,243,439	\$102,655,503	\$103,542,183	\$103,559,437	\$107,118,926	\$100,880,868
Restricted for:										
Restricted fund activities	-	152,940	-	-	171,618	171,618	171,618	171,618	171,618	184,743
Loan programs	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>(89,673,074)</u>	<u>(76,828,721)</u>	<u>45,328,010</u>	<u>44,361,626</u>	<u>37,416,129</u>	<u>35,161,308</u>	<u>26,734,852</u>	<u>22,545,110</u>	<u>21,529,269</u>	<u>13,533,716</u>
Total Net assets	<u>\$36,692,135</u>	<u>\$42,733,246</u>	<u>\$160,769,992</u>	<u>\$148,876,343</u>	<u>\$141,831,186</u>	<u>\$137,988,429</u>	<u>\$130,448,653</u>	<u>\$126,276,165</u>	<u>\$128,819,813</u>	<u>\$114,599,327</u>

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

LANSING COMMUNITY COLLEGE
REVENUE CAPACITY
Major Taxpayers
2016 Levy Year vs. 2007 Levy Year
(Unaudited)

2016 Levy Year					2007 Levy Year				
2016 Taxpayer	Type of Business	2016 Taxable Valuation	Rank (1)	Percentage of Total College District Taxable Valuation (\$10,614,700,749)	2007 Taxpayer	Type of Business	2007 Taxable Valuation	Rank (1)	Percentage of Total College District Taxable Valuation (\$11,173,428,053)
Enbridge Energy LP	Oil & Gas Delivery/Storage	\$ 135,582,045	1	1.28%	General Motors	Automotive	\$ 95,972,668	1	0.86%
Consumers Energy Company	Utility	103,689,667	2	0.98%	Consumers Energy	Utility	75,311,001	2	0.67%
Jackson National Life	Insurance	45,959,337	3	0.43%	Jackson National Life	Insurance	33,130,261	3	0.30%
Enbridge Pipelines (Toledo) Inc.	Crude Oil Transportation	33,775,950	4	0.32%	Inland Western (Eastwood LLC)	Shopping Mall	32,806,600	4	0.29%
Dart Container Corporation	Packaging Products	33,580,540	5	0.32%	Eyde LTD Family Partnership	Property Management	28,106,659	5	0.25%
Meridian Mall LTD Partnership	Shopping Mall	31,029,528	6	0.29%	Meridian Mall LTD Partnership	Shopping Mall	27,196,870	6	0.24%
Retail Properties of America, Inc.	Retail Property Management	27,436,848	7	0.26%	Dart Container Corporation	Packaging Products	27,038,388	7	0.24%
Tri County Electric Cooperative	Utility	26,079,600	8	0.25%	Meijer	Retail	26,685,597	8	0.24%
C 150 2929 Hannah Lofts LLC	Property Management	20,632,512	9	0.19%	Wal-Mart Stores, Inc.	Retail	21,174,197	9	0.19%
Gestamp Mason LLC	Metal Heat Treating	19,781,001	10	0.19%	Capitol Outlook LLC	Financing	18,764,936	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 (2)	Percent of Taxes Extended Uncollected through June 30 Each Year
2016	\$ 10,614,700,749	3.8072	\$ 40,412,289	----	----
2015	10,451,534,470	3.8072	39,791,082	\$ 38,639,111	2.90%
2014	10,131,872,904	3.8072	38,574,067	37,264,108	3.40%
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%

(1) 2016 Millage Report to County Board of Commissioners

(2) 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 (1)	Collections through June 30 as a percentage of the Levy	Collections in subsequent years (1)	Total Collections to date	Total Collections to date as percentage of levy
2016	\$40,412,289	----	----	----	----	----
2015	39,791,082	\$38,639,111	97.10%	----	\$39,350,768	98.89%
2014	38,574,067	37,264,108	96.60%	\$711,657	37,342,309	96.81%
2013	38,033,364	36,654,758	96.38%	78,201	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%

(1) 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 (1)	Total Outstanding Debt (2)(b)	Total Additional Debt Allowable for All Tax Debt (c)	Total Additional Debt Allowable for Limited Tax Debt (d)	Additional Limited Tax Debt Could Legally Incurred (e)	Per Capita (f)
2016	\$10,614,700,749	\$12,042,682,731	\$1,806,402,410	\$75,363,858	\$0	\$75,363,858	\$1,731,038,552	\$121,676,827	\$46,312,969	----
2015	10,451,534,470	11,493,211,119	1,723,981,668	80,508,790	0	80,508,790	1,643,472,878	116,182,111	35,673,321	204
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	220
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	11,434,729,014	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	11,394,316,077	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	11,173,428,053	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

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

(2) Adjusted 2007-2013 outstanding debt figures based on comments from GFOA on FY2012 CAFR submission.

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

(a) 15% of SEV

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

(c) Debt Limit less Total Outstanding Debt

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

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

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

(f) Total Outstanding Debt divided by population

---- Information is unavailable

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate (3)</u>
2016	----	----	----	4.60%
2015	394,886	----	----	5.00%
2014	393,161	\$14,172,325	\$36,176	6.52%
2013	390,582	14,047,691	35,901	7.40%
2012	389,731	13,674,927	35,057	7.70%
2011	389,669	13,338,096	34,053	9.00%
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%

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
2016 Employers vs. 2007 Employers
(Unaudited)

2016					2007				
<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	15,000	3.80%	State of Michigan	Government	1	15,800	4.08%
Michigan State University	Higher Education	2	12,100	3.06%	Michigan State University	Higher Education	2	12,300	3.18%
Sparrow Health System	Health Care	3	10,858	2.75%	General Motors Corporation	Automotive	3	11,500	2.97%
General Motors Corporation	Automotive	4	5,153	1.30%	Sparrow Health System	Health Care	4	6,000	1.55%
Auto Owners Insurance	Insurance	5	3,700	0.94%	Meijer's, Inc.	Retail	5	3,800	0.98%
Peckman	Social Service	6	2,510	0.64%	Lansing School District	Education	6	3,500	0.90%
Lansing Community College	Education	7	2,500	0.63%	Ingham Regional Medical Center	Health Care	7	2,800	0.72%
Lansing School District	Education	8	2,130	0.54%	Lansing Community College	Education	8	2,000	0.52%
Meijer's, Inc.	Retail	9	2,000	0.51%	U.S. Postal Service	Government	9	1,300	0.34%
Jackson National Life Insurance Company	Insurance	10	1,929	0.49%	City of Lansing	Government	10	1,295	0.33%

Source: Ingham County December 31, 2015 CAFR

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

Facilities Data	2016 (1)	2015	2014	2013	2012	2011	2010	2009	2008	2007
Size of campus (acres)	96.00	96.00	96.00	96.00	94.00	94.00	109.00	109.00	109.00	109.00
Square footage of gross building space (2)	1,883,612	1,883,612	1,873,640	1,870,683	1,870,683	1,831,132	1,834,012	1,834,012	1,834,012	1,834,012
Number of classrooms	136	136	136	136	132	130	136	137	137	123
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: 2006-2015 LCC Campus Master Plans

(1) FY16 Master Plan submitted to the state October 2015

(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
2016 (2)	-----	-----	-----	-----	-----	\$88.00	\$176.00	\$264.00	-----	-----
2015	10,313	25,574	98,753	17.7	319,717	85.00	170.00	255.00	\$4,760	\$49,092,761
2014	11,374	27,734	109,332	18.4	352,592	83.00	166.00	249.00	4,587	52,175,883
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

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, 2016 is due November 1, 2016, 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
(Unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
ADMINISTRATOR FTE:	162	163	224	142	171	176	171	169	182	165
Full-Time	156	156	200	133	155	155	147	152	165	149
Part-Time	17	22	72	27	47	62	59	52	52	48
Calculated Part-Time FTE (1)	6	7	24	9	16	21	20	17	17	16
FACULTY FTE:	647	697	725	778	865	816	826	825	807	815
Full-Time	179	189	184	211	225	217	229	223	250	229
Part-Time	1,404	1,524	1,624	1,700	1,919	1,786	1,781	1,796	1,670	1,757
Calculated Part-Time FTE (1)	468	508	541	567	640	599	597	602	557	586
SUPPORT FTE:	270	260	204	286	275	257	283	257	287	259
Full-Time	212	204	150	198	183	158	187	163	195	183
Part-Time	175	168	163	264	275	295	287	280	277	229
Calculated Part-Time FTE (1)	58	56	65	88	92	99	96	94	92	76
Actual total employees reported	2,143	2,263	2,393	2,533	2,804	2,673	2,690	2,666	2,609	2,595
TOTAL FTE (1)	1,079	1,120	1,153	1,206	1,311	1,249	1,281	1,252	1,276	1,239

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, 2016

	Combined Total	General Fund	Pension Liability Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
Assets								
Current assets								
Cash and cash equivalents	\$ 11,061,971	\$ 11,061,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Short-term investments	22,581,369	22,581,369	-	-	-	-	-	-
Property taxes receivable, net	287,126	287,126	-	-	-	-	-	-
State appropriations receivable	6,713,298	5,688,766	-	-	-	1,024,532	-	-
Accounts receivable, net	4,754,765	4,609,627	-	-	145,138	-	-	-
Federal and state grants receivable	2,148,789	-	-	-	-	2,148,789	-	-
Inventories	178,035	143,084	-	-	34,951	-	-	-
Prepaid expenses and other assets	1,806,022	1,549,800	-	87,745	126,385	-	42,092	-
Due from (due to) other funds	-	(18,736,937)	-	1,485,046	3,225,430	138,178	13,629,187	259,096
Due from Component Unit	22,682	-	-	-	-	22,682	-	-
Total current assets	49,554,057	27,184,806	-	1,572,791	3,531,904	3,334,181	13,671,279	259,096
Noncurrent assets								
Long-term investments	5,083,991	5,083,991	-	-	-	-	-	-
Capital assets not being depreciated	37,467,173	-	-	-	-	-	37,467,173	-
Capital assets being depreciated, net	163,263,927	-	-	-	-	-	163,263,927	-
Total noncurrent assets	205,815,091	5,083,991	-	-	-	-	200,731,100	-
Total assets	255,369,148	32,268,797	-	1,572,791	3,531,904	3,334,181	214,402,379	259,096
Deferred outflows of resources								
Deferred charge on bond refunding	997,967	-	-	-	-	-	997,967	-
Deferred pension amounts	14,002,164	-	14,002,164	-	-	-	-	-
Total deferred outflows of resources	15,000,131	-	14,002,164	-	-	-	997,967	-
Liabilities								
Current liabilities								
Accounts payable	5,703,957	971,148	-	1,558	60,929	2,754,911	1,807,459	107,952
Accrued payroll and other compensation	7,120,604	6,969,460	-	-	-	-	-	151,144
Accrued vacation	1,615,870	1,615,870	-	-	-	-	-	-
Accrued interest payable	465,461	-	-	-	-	-	465,461	-
Unearned revenue	3,417,583	2,837,124	-	-	1,189	579,270	-	-
Current portion of debt obligations	6,115,000	-	-	-	-	-	6,115,000	-
Total current liabilities	24,438,475	12,393,602	-	1,558	62,118	3,334,181	8,387,920	259,096
Noncurrent liabilities								
Long-term debt obligations, net of current portion	69,248,858	-	-	-	-	-	69,248,858	-
Net pension liability	134,564,773	-	134,564,773	-	-	-	-	-
Total noncurrent liabilities	203,813,631	-	134,564,773	-	-	-	69,248,858	-
Total liabilities	228,252,106	12,393,602	134,564,773	1,558	62,118	3,334,181	77,636,778	259,096
Deferred inflows of resources								
Deferred pension amounts	5,425,038	-	5,425,038	-	-	-	-	-
Net position (deficit)								
Net investment in capital assets	126,365,209	-	-	-	-	-	126,365,209	-
Unrestricted (deficit)	(89,673,074)	19,875,195	(125,987,647)	1,571,233	3,469,786	-	11,398,359	-
Total net position (deficit)	\$ 36,692,135	\$ 19,875,195	\$ (125,987,647)	\$ 1,571,233	\$ 3,469,786	\$ -	\$ 137,763,568	\$ -

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION (Unaudited)
JUNE 30, 2015

	Combined Total	General Fund	Pension Liability Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
Assets								
Current assets								
Cash and cash equivalents	\$ 12,422,536	\$ 8,312,619	\$ -	\$ -	\$ 2,396,102	\$ -	\$ 1,713,815	\$ -
Short-term investments	19,421,016	19,421,016	-	-	-	-	-	-
Property taxes receivable, net	530,893	530,893	-	-	-	-	-	-
State appropriations receivable	6,383,580	5,614,112	-	-	-	769,468	-	-
Accounts receivable, net	5,152,717	5,037,573	-	-	121,026	-	-	(5,882)
Federal and state grants receivable	1,190,680	-	-	-	-	1,190,680	-	-
Inventories	226,181	198,993	-	-	27,188	-	-	-
Prepaid expenses and other assets	226,497	212,370	-	1,627	12,500	-	-	-
Due from (due to) other funds	-	(20,663,277)	-	1,423,306	(40,172)	(286,102)	19,228,986	337,259
Due from Component Unit	50,825	-	-	-	-	50,825	-	-
Total current assets	45,604,925	18,664,299	-	1,424,933	2,516,644	1,724,871	20,942,801	331,377
Noncurrent assets								
Long-term investments	11,142,907	11,142,907	-	-	-	-	-	-
Capital assets not being depreciated	40,288,040	-	-	-	-	-	40,288,040	-
Capital assets being depreciated, net	158,465,482	-	-	-	-	-	158,465,482	-
Total noncurrent assets	209,896,429	11,142,907	-	-	-	-	198,753,522	-
Total assets	255,501,354	29,807,206	-	1,424,933	2,516,644	1,724,871	219,696,323	331,377
Deferred outflows of resources								
Deferred charge on bond refunding	1,164,295	-	-	-	-	-	1,164,295	-
Deferred pension amounts	18,050,453	-	18,050,453	-	-	-	-	-
Total deferred outflows of resources	19,214,748	-	18,050,453	-	-	-	1,164,295	-
Liabilities								
Current liabilities								
Accounts payable	3,657,124	1,474,110	-	110,585	81,551	941,675	879,134	170,069
Accrued payroll and other compensation	5,471,408	5,310,100	-	-	-	-	-	161,308
Accrued vacation	1,560,803	1,560,803	-	-	-	-	-	-
Accrued interest payable	560,995	-	-	-	-	-	560,995	-
Unearned revenue	3,382,722	2,751,188	-	-	1,278	630,256	-	-
Other current liabilities	27,564	27,564	-	-	-	-	-	-
Current portion of debt obligations	5,215,000	-	-	-	-	-	5,215,000	-
Total current liabilities	19,875,616	11,123,765	-	110,585	82,829	1,571,931	6,655,129	331,377
Noncurrent liabilities								
Long-term debt obligations, net of current portion	75,293,790	-	-	-	-	-	75,293,790	-
Net pension liability	123,194,232	-	123,194,232	-	-	-	-	-
Total noncurrent liabilities	198,488,022	-	123,194,232	-	-	-	75,293,790	-
Total liabilities	218,363,638	11,123,765	123,194,232	110,585	82,829	1,571,931	81,948,919	331,377
Deferred inflows of resources								
Deferred pension amounts	13,619,218	-	13,619,218	-	-	-	-	-
Net position (deficit)								
Net investment in capital assets	119,409,027	-	-	-	-	-	119,409,027	-
Restricted:								
Restricted fund activities	152,940	-	-	-	-	152,940	-	-
Unrestricted (deficit)	(76,828,721)	18,683,441	(118,762,997)	1,314,348	2,433,815	-	19,502,672	-
Total net position (deficit)	\$ 42,733,246	\$ 18,683,441	\$ (118,762,997)	\$ 1,314,348	\$ 2,433,815	\$ 152,940	\$ 138,911,699	\$ -

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (Unaudited)
YEAR ENDED JUNE 30, 2016

	Combined Total	Eliminations	General Fund	Pension Liability Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues								
Tuition and fees (net of scholarship allowances of \$21,154,787)	\$ 27,216,821	\$ (21,154,787)	\$ 46,840,847	\$ -	\$ (9,160)	\$ 1,539,921	-	\$ -
Federal grants and contracts	3,555,172	-	-	-	-	-	3,555,172	-
State grants and contracts	1,626,922	-	-	-	-	-	1,626,922	-
Local grants and contracts	2,589,527	-	1,601,500	-	-	-	988,027	-
Sales and services of educational activities	153,547	-	153,493	-	-	54	-	-
Sales and services of auxiliary activities	1,200,923	-	-	-	-	1,200,923	-	-
Job Training Programs	1,145,395	-	-	-	-	-	1,145,395	-
Miscellaneous	4,033,565	-	2,122,707	-	-	542,721	1,258,193	109,944
Total operating revenues	41,521,872	(21,154,787)	50,718,547	-	(9,160)	3,283,619	8,573,709	109,944
Operating expenses								
Instruction	46,417,111	-	42,404,246	1,930,650	-	19,570	2,062,645	-
Public services	2,157,956	-	1,547,483	41,020	-	14,618	554,835	-
Instructional support	24,916,745	-	20,145,473	760,360	543,415	35,734	3,428,052	3,711
Student services	13,207,329	(21,154,787)	12,606,102	416,512	-	3,685	21,335,817	-
Institutional administration	20,538,563	-	12,415,400	434,932	25,840	1,406,340	6,256,051	-
Operation and maintenance of plant	20,883,970	-	13,087,429	221,892	-	1,050,307	74,512	6,449,830
Depreciation	7,834,826	-	-	-	-	-	-	7,834,826
Total operating expenses	135,956,500	(21,154,787)	102,206,133	3,805,366	569,255	2,530,254	33,711,912	14,288,367
Operating (loss) income	(94,434,628)	-	(51,487,586)	(3,805,366)	(578,415)	753,365	(25,138,203)	(14,178,423)
Nonoperating revenues (expenses)								
State appropriations	33,761,131	-	31,545,505	(3,419,284)	-	-	5,634,910	-
Property tax levy	39,207,101	-	39,207,101	-	-	-	-	-
Pell Grant revenue	18,705,818	-	-	-	-	-	18,705,818	-
Investment return and other gains	156,030	-	139,341	-	-	-	-	16,689
Interest on capital asset - related debt	(3,579,459)	-	-	-	-	-	-	(3,579,459)
Net nonoperating revenues (expenses)	88,250,621	-	70,891,947	(3,419,284)	-	-	24,340,728	(3,562,770)
Other revenues								
Capital gifts	142,896	-	-	-	-	-	142,896	-
(Decrease) increase in net position	(6,041,111)	-	19,404,361	(7,224,650)	(578,415)	753,365	(654,579)	(17,741,193)
Transfers in (out)	-	-	(18,212,607)	-	835,300	282,606	501,639	16,593,062
Change in net position	(6,041,111)	-	1,191,754	(7,224,650)	256,885	1,035,971	(152,940)	(1,148,131)
Net position (deficit), beginning of year	42,733,246	-	18,683,441	(118,762,997)	1,314,348	2,433,815	152,940	138,911,699
Net position (deficit), end of year	\$ 36,692,135	\$ -	\$ 19,875,195	\$ (125,987,647)	\$ 1,571,233	\$ 3,469,786	\$ -	\$ 137,763,568

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (Unaudited)
YEAR ENDED JUNE 30, 2015

	Combined Total	Eliminations	General Fund	Pension Liability Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues								
Tuition and fees (net of scholarship allowances of \$23,181,704)	\$ 27,560,464	\$ (23,181,704)	\$ 49,110,493	\$ -	\$ (17,732)	\$ 1,648,387	\$ 1,020	\$ -
Federal grants and contracts	4,194,022	-	-	-	-	-	4,194,022	-
State grants and contracts	1,709,876	-	-	-	-	-	1,709,876	-
Local grants and contracts	3,316,514	-	1,477,542	-	-	-	1,838,972	-
Sales and services of educational activities	280,068	-	153,997	-	-	122,398	-	3,673
Sales and services of auxiliary activities	158,246	-	354	-	-	157,892	-	-
Job Training Programs	369,171	-	-	-	-	-	369,171	-
Miscellaneous	2,668,037	-	1,349,630	-	-	665,292	485,453	167,662
Total operating revenues	40,256,398	(23,181,704)	52,092,016	-	(17,732)	2,593,969	8,598,514	171,335
Operating expenses								
Instruction	45,539,843	-	44,866,204	(743,416)	-	79,055	1,338,000	-
Public services	2,015,322	-	1,481,727	(18,622)	171,277	13,033	367,907	-
Instructional support	23,323,896	-	19,015,767	(297,169)	108,368	177,796	4,110,619	208,515
Student services	15,240,309	(23,181,704)	12,546,044	(167,520)	753,188	10,509	25,279,792	-
Institutional administration	18,125,659	-	11,940,864	(209,887)	250,448	466,225	4,840,488	837,521
Operation and maintenance of plant	18,489,746	-	12,617,120	(80,502)	-	871,753	84,688	4,996,687
Depreciation	7,262,393	-	-	-	-	-	-	7,262,393
Total operating expenses	129,997,168	(23,181,704)	102,467,726	(1,517,116)	1,283,281	1,618,371	36,021,494	13,305,116
Operating (loss) income	(89,740,770)	-	(50,375,710)	1,517,116	(1,301,013)	975,598	(27,422,980)	(13,133,781)
Nonoperating revenues (expenses)								
State appropriations	35,344,860	-	31,112,791	-	-	-	4,232,069	-
Property tax levy	37,390,260	-	37,390,260	-	-	-	-	-
Pell Grant revenue	22,505,731	-	-	-	-	-	22,505,731	-
Investment return and other gains	139,381	-	126,664	-	-	717	-	12,000
Interest on capital asset - related debt	(3,396,095)	-	-	-	-	-	-	(3,396,095)
Net nonoperating revenues (expenses)	91,984,137	-	68,629,715	-	-	717	26,737,800	(3,384,095)
Increase (decrease) in net position	2,243,367	-	18,254,005	1,517,116	(1,301,013)	976,315	(685,180)	(16,517,876)
Transfers in (out)	-	-	(26,511,404)	-	1,152,224	(1,573,049)	838,120	26,094,109
Change in net position	2,243,367	-	(8,257,399)	1,517,116	(148,789)	(596,734)	152,940	9,576,233
Net position, beginning of year	160,769,992	-	26,940,840	-	1,463,137	3,030,549	-	129,335,466
Implementation of GASB 68	(120,280,113)	-	-	(120,280,113)	-	-	-	-
Adjusted net position, beginning of year	40,489,879	-	26,940,840	(120,280,113)	1,463,137	3,030,549	-	129,335,466
Net position (deficit), end of year	\$ 42,733,246	\$ -	\$ 18,683,441	\$ (118,762,997)	\$ 1,314,348	\$ 2,433,815	\$ 152,940	\$ 138,911,699