Lansing Community College

Lansing, Michigan

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2017 and June 30, 2016

LANSING COMMUNITY COLLEGE
Lansing, Michigan

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Years Ended June 30, 2017 and June 30, 2016

Prepared by:
Financial Services Division

Donald L. Wilske
Chief Financial Officer

Lisa L. Mazure
Controller

Megan L. Garrett
Assistant Controller

LANSING COMMUNITY COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

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Introductory Section

October 6, 2017

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, 2017 and June 30, 2016, 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, 2017 and 2016. 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 May 2017 the College presented its Strategic Plan to the Board of Trustees for adoption. This plan sets the institution's direction for the next three fiscal years and is 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 fiscal year 2017 the *Build Forward* project was completed. Additionally, the Center for Manufacturing Excellence was established to create a "real-world" training environment for students.

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 20,000 college-credit students each year, and has over 500 full-time and over 1,500 part-time employees. The College offers classes year-round in a three-semester curriculum. The College offers 214 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, and an Aviation Maintenance Center at the Mason-Jewett Airport in Mason. 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 25.7% of all section offerings.

LCC is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, and serves over 35,000 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				
	2016	2015	2014	2013	2012
Enrollment					
College (unduplicated head count)	13,583	14,851	16,031	17,562	19,082
Full-time Equivalents	7,920	8,500	9,250	10,245	11,147
Total Credit Hours	123,341	133,493	143,330	163,466	174,369

FINANCIAL PLANNING

In-District tuition was increased by $11 per billing hour for fiscal year 2017. LCC Administration requested a $7 per billing hour increase to maintain current levels of service and proposed an additional $4 per billing hour increase to promote student success, making significant improvements in persistence, retention and completion. The tuition increase provided an estimated $1.8 million for additional staffing for Academic Success staff, tutors, Financial Aid advising and Student Finance staff. Tuition increased by $3 per billing hour in fiscal years 2016, 2015 and 2012; and increased by $2 per billing hour in fiscal years 2013 and 2014. With tuition and fees accounting for 22% 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.

LCC is well positioned to attract a diverse group of students, with its fiscal year 2018 $103 in-district per billing hour rate well below the state average rate of community college in-district tuition at $111. 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.

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

With the expiration of *Learn Forward*, the College's strategic plan from 2013 through 2016, college administration conducted a needs assessment to develop the next three-year strategic plan. Forum discussions were held with employees and students to gather input on what they felt were challenges and opportunities for the college. This information was used to develop the strategic plan that was presented to the Board of Trustees in May 2017 for the Board's consideration and adoption. The proposed areas of strategic focus remain: Engaged Learning and Student Success; Leadership, Culture and Communication; Community Engagement; Competitiveness and Innovation; and Resource Management and Fiscal Responsibility.

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; thus Michigan lost jobs as a result of 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.

The drag from the manufacturing sector on Michigan's economy largely bottomed out in 2010 and the recovery in vehicle sales nationally has helped Michigan's economic situation. Manufacturing employment in Michigan rose by 146,000 jobs (34.5%) 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, with the growth rate declining from a 5.4% increase in 2014 to a 4.6% gain in 2015, to a 3.6% increase in 2016.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2016-17, FY 2017-18, and FY 2018-19 May 15, 2017 Senate Fiscal Agency, State of Michigan

Forecast Summary

During 2017, the U.S. economy is expected to expand at a moderately faster rate than during 2016, while the Michigan economy will expand at a slower rate than in 2016. The U.S. and Michigan economies are forecast to exhibit both income and employment growth during 2017 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 stable consumption growth and slowing residential investment combined with stronger business investment in 2017 and 2018 that will more than offset the drag on the economy from increased imports, slow growth in exports, and relatively stagnant public sector growth.

The forecast expects employment levels in the transportation equipment manufacturing sector to decline slightly over the forecast period. Overall employment in Michigan is expected to grow slightly, with almost all of the growth in private sector employment. With a risk of rising labor costs in many other sectors, and all of the risk regarding vehicle sales being on the downside, any substantial growth in the Michigan economy will likely need to originate from a different sector and be strong enough to exceed the flat-to-downward trajectory the motor vehicle industry will exhibit over the next decade.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2016-17, FY 2017-18, and FY 2018-19 May 15, 2017 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 2.5079 mils in 2016.

PROSPECTS FOR THE FUTURE

Michigan's economy is expected to continue growing during FY 2017-18. Personal income will grow at a faster rate than in FY 2016-17, although wage and salary employment will grow at a slightly slower rate than in FY 2016-17. On a baseline basis, General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue is expected to increase 2.9% in FY 2017-18, reflecting continued improvements in State economic activity.

State of Michigan FY 2017-18 Revised Revenue Estimate

- Total GF/GP and SAF revenue will reach an estimated $23.3 billion, a 2.9% increase from the revised FY 2016-17 estimate. GF/GP revenue will total an estimated $10.4 billion, an increase of 3.2% from the revised estimate for FY 2016-17. Most of the growth reflects increased individual income tax collections. SAF revenue from all earmarked taxes and the lottery will total an estimated $12.9 billion, an increase of 2.7% from the revised estimate for FY 2016-17. The forecasted increase in SAF revenue reflects growth in all major earmarked tax sources, less a small reduction in lottery revenue.

State of Michigan FY 2018-19 Revised Revenue Estimate

- Total GF/GP and SAF revenue will reach an estimated $23.7 billion, a 1.7% increase from the revised estimate for FY 2017-18. GF/GP revenue will total an estimated $10.4 billion, an increase of 1.0% from the revised estimate for FY 2017-18. Baseline GF/GP revenue is expected to increase 3.2%; however, over $1.4 billion in negative adjustments will reduce net GF/GP growth to 0.8%. The value of tax changes will offset most revenue growth from the improving economy. SAF revenue from all earmarked taxes and the lottery will total an estimated $13.3 billion, an increase of 3.7% from the revised estimate for FY 2017-18. Total SAF revenue in FY 2018-19 is projected to exceed the peak reached in FY 2007-08 by $1.8 billion or 15.6%. Since the most recent SAF revenue decline in FY 2011-12, FY 2018-19 will represent the seventh consecutive year of increases in SAF revenue.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2016-17, FY 2017-18, and FY 2018-19 May 15, 2017 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. Since that time, the *Build Forward* project fundamentally changed the student experience by creating a variety of dynamic and adaptable teaching, learning, and support environments. Final completion of the *Build Forward* projects occurred in fiscal year 2017.

In fiscal year 2016 Lansing Community College began work to modify and expand overall learning space at West Campus for the Center for Manufacturing Excellence (CME). LCC has modified existing labs and added a significant expansion to increase the overall learning space from 14,000 square feet to nearly 27,000 square feet. With these modifications, LCC has added advanced, high-tech equipment to create a "real world" training environment. A key element to this expansion has been 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 provides LCC students direct access to train on some of the most advanced industrial networking systems in Michigan. LCC has tied 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. LCC began training highly skilled workers to fill high-demand, high-wage positions with regional manufacturers in the fall of 2016.

In fiscal year 2018, Lansing Community College anticipates requesting Board of Trustee approval for up to a $13.5 million bond issuance to finance capital projects to update and reconfigure the Technology Learning Center, Health and Human Services building and West Campus. These projects will create dynamic and adaptable learning spaces; technology-rich learning environments and infrastructure; inviting environments for attracting and retaining students and enhancing the community; and necessary major maintenance projects to avoid deferred maintenance costs.

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, 2016. 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 eight 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 fiscal year 2017. 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 eight consecutive years.

LCC has received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year ended June 30, 2016. 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 six consecutive years.

LCC's Purchasing Department is the recipient of the 2017 Annual Achievement of Excellence in Procurement Award. Lansing Community College has received the award for fifteen consecutive years and is one of only two agencies in Michigan and one of only 25 higher education organizations in the United States and Canada 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, 2017

BOARD OF TRUSTEES

	Position	Term Expires
Andrew P. Abood	Chairperson	2020
Lawrence Hidalgo, Jr.	Vice Chairperson	2018
Angela L. Mathews	Secretary	2022
Larry Meyer	Treasurer	2020
Robert E. Proctor	Trustee	2022
Robin M. Smith	Trustee	2018
Ryan Buck	Trustee	2022

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

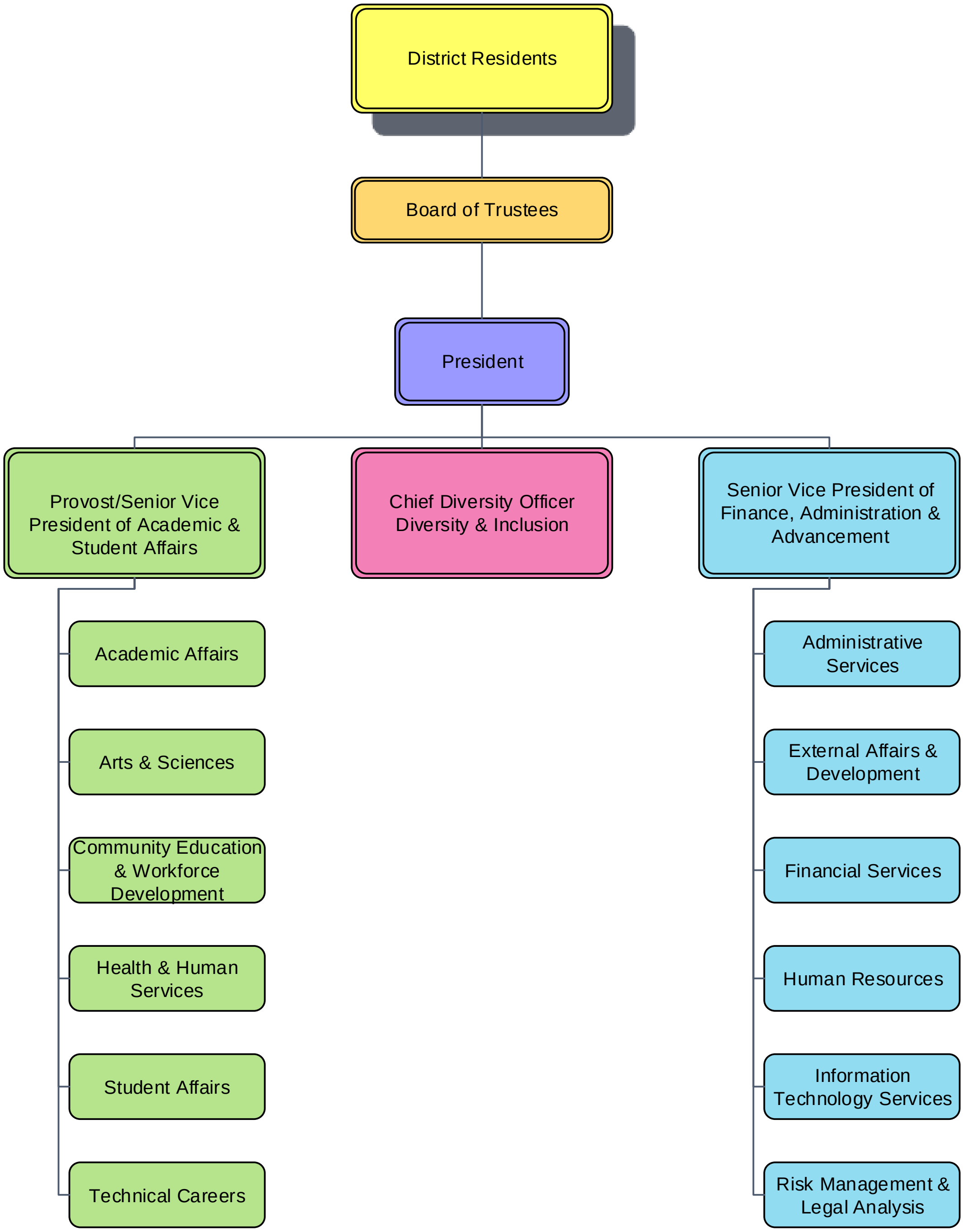
OFFICIALS ISSUING REPORT

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, 2016

Executive Director/CEO

Financial Section

Rehmann

Rehmann Robson
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Jackson, MI 49203
Ph: 517.787.6503
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INDEPENDENT AUDITORS' REPORT

October 6, 2017

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, 2017 and 2016, 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 from material misstatement. The financial statements of Lansing Community College Foundation 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, based on our audits, 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, 2017 and 2016, and the 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.

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 plan, 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 6, 2017 on our consideration of ***Lansing Community College's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ***Lansing Community College's*** internal control over financial reporting and compliance.

Rehmann Robson LLC

LANSING COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2017 AND 2016

The discussion and analysis of Lansing Community College's (the College) financial statements provides an overview of the College's financial activities for the years ended June 30, 2017 and 2016. Management has prepared the fiscal 2017 and 2016 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".

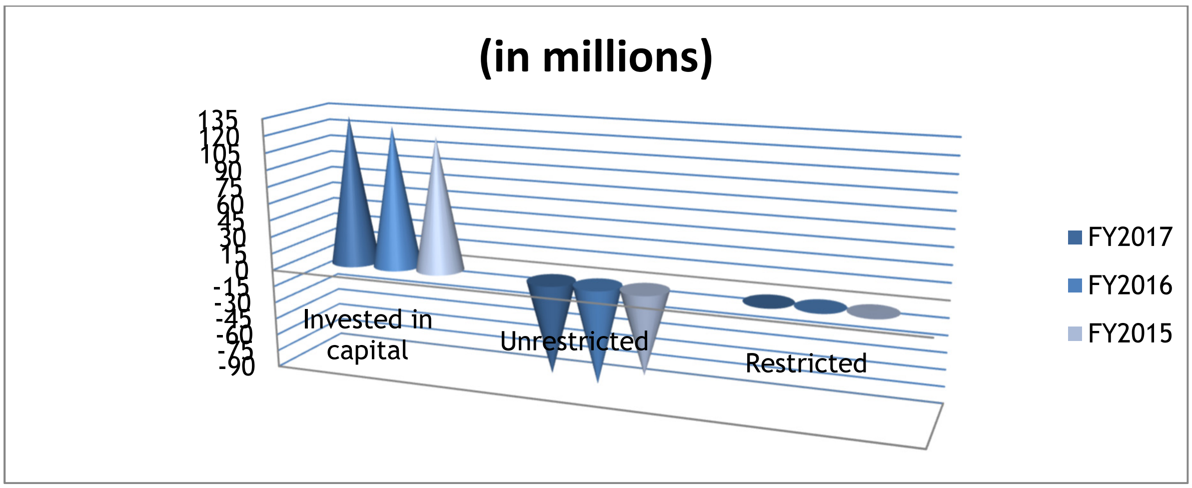
This Comprehensive Annual Financial Report (CAFR) includes the report of independent auditors, management's discussion and analysis, the basic financial statements in the above referred to format, notes to financial statements, required supplementary information, and additional information.

Financial Highlights

The College's financial position increased during the fiscal year ended June 30, 2017, with an $11.4 million increase in total net position. Both of the two major categories of net position changed, as shown in the graph below. Net position invested in capital assets increased by $6.6 million due primarily to the acquisition of equipment and the building improvements related to the Center for Manufacturing Excellence (CME) ($4.4 million) and the acquisition of instructional and operational capital assets ($1.1 million). Unrestricted net position increased by $4.8 million, from $(89.7) to $(84.9) million as a result of the increased reservation for investment in capital assets offset by the excess of transfers in for current and future projects exceeding expenses; additionally, $10.2 million increase in the plant fund due primarily to the receipt of capital grant revenue related to the purchase of the CME equipment; an increase in the general fund net position of $1.6 million; and, these increases were offset from the recording of the College's $0.9 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 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, 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.

Total Net Position



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

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

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

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

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

	2017	2016	Increase (Decrease) 2017-2016	2015	Increase (Decrease) 2016-2015
Current assets	$ 50.9	$ 49.6	$ 1.3	$ 45.6	$ 4.0
Non-current assets					
Capital assets, net of depreciation	200.8	200.7	0.1	198.8	1.9
Other	8.2	5.1	3.1	11.1	(6.0)
Total non-current assets	209.0	205.8	3.2	209.9	(4.1)
Total assets	259.9	255.4	4.5	255.5	(0.1)
Deferred outflows of resources	20.3	15.0	5.3	19.2	(4.2)
Current liabilities	21.0	24.5	(3.5)	19.9	4.6
Net pension liabilities	139.4	134.6	4.8	123.2	11.4
Long-term liabilities	64.8	69.2	(4.4)	75.3	(6.1)
Total liabilities	225.2	228.3	(3.1)	218.4	9.9
Deferred inflows of resources	6.9	5.4	1.5	13.6	(8.2)
Net position					
Net investment in capital assets	133.0	126.4	6.6	119.4	7.0
Restricted	-	-	-	0.1	(0.1)
Unrestricted	(84.9)	(89.7)	4.8	(76.8)	(12.9)
Total net position	$ 48.1	$ 36.7	$ 11.4	$ 42.7	$ (6.0)

Fiscal Year 2017 Compared to 2016

The College increased its current assets by $1.3 million primarily due to increased cash and cash equivalents and property tax receivable offset by reduced accounts receivable and federal and grants receivable at June 30, 2017 compared to June 30, 2016. Current liabilities decreased $3.5 million due to the return of federal student financial aid of $0.7 million and the final payment of the 2005 Bonds reducing current portion of long term debt $2.2 million. Long-term liabilities decreased $4.4 million due to the continued paying down of outstanding bond issues. The College net position increased by $11.4 million. The $11.4 million increase is analyzed above in the *Financial Highlights* Section.

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.

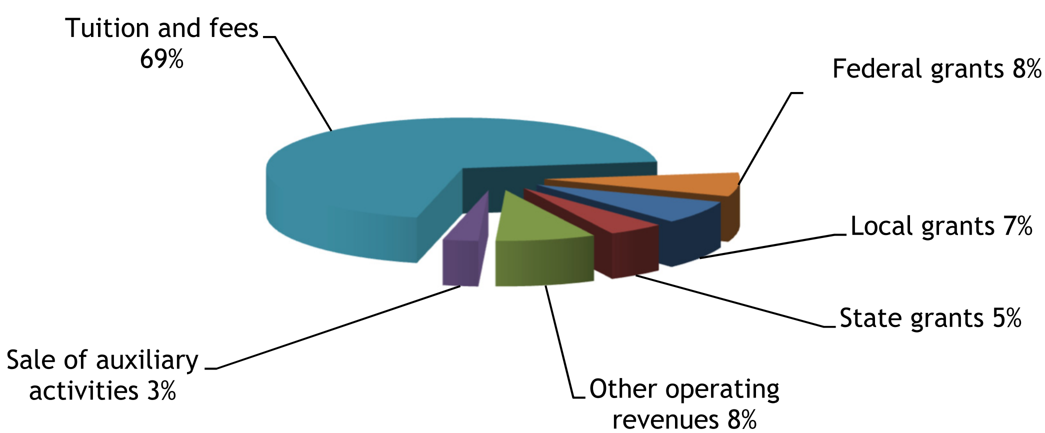
Operating Results *(in millions)* for the Years Ended June 30:

	2017	2016	(Decrease) 2017-2016	2015	(Decrease) 2016-2015
Operating revenues:					
Tuition and fees (net of scholarship allowances)	$ 30.4	$ 27.2	$ 3.2	$ 27.6	$ (0.4)
Federal grants and contracts	3.4	3.6	(0.2)	4.2	(0.6)
State grants and contracts	2.0	2.0	-	1.7	0.3
Local grants and contracts	3.2	3.4	(0.2)	3.3	0.1
Sales and services of educational activities	-	0.1	(0.1)	0.3	(0.2)
Sales and services of auxiliary activities	1.3	1.2	0.1	0.2	1.0
Miscellaneous	3.6	4.0	(0.4)	3.0	1.0
Total operating revenues	43.9	41.5	2.4	40.3	1.2
Operating expenses:					
Instruction	41.3	47.0	(5.7)	45.5	1.5
Public services	2.7	1.9	0.8	2.0	(0.1)
Instructional support	20.6	26.6	(6.0)	23.3	3.3
Student services	13.2	13.3	(0.1)	15.2	(1.9)
Institutional administration	21.4	20.7	0.7	18.1	2.6
Operation and maintenance of plant	15.9	18.6	(2.7)	18.5	0.1
Depreciation	8.6	7.8	0.8	7.3	0.5
Total operating expenses	123.7	135.9	(12.2)	130.0	5.9
Operating loss	(79.8)	(94.4)	14.6	(89.7)	(4.7)
Nonoperating revenues (expenses):					
State appropriations	33.3	33.8	(0.5)	35.3	(1.5)
Property tax levy	39.9	39.2	0.7	37.4	1.8
Pell Grant revenue	16.0	18.7	(2.7)	22.5	(3.8)
Other nonoperating expenses - net	(2.6)	(3.4)	0.8	(3.3)	(0.1)
Net nonoperating revenues	86.6	88.3	(1.7)	91.9	(3.6)
Change in net position before other revenues	6.8	(6.1)	12.9	2.2	(8.3)
Other revenues:					
State capital grants	4.4	-	4.4	-	-
Capital gifts	0.2	0.1	0.1	-	0.1
Total other revenues	4.6	0.1	4.5	-	0.1
Change in net position	11.4	(6.0)	17.4	2.2	(8.2)
Net position - beginning of year	36.7	42.7	(6.0)	160.8	(118.1)
Implementation of GASB 68	-	-		(120.3)	(120.3)
Adjusted net position - beginning of year	36.7	42.7	(6.0)	40.5	2.2
Net position- end of year	$ 48.1	$ 36.7	$ 11.4	$ 42.7	$ (6.0)

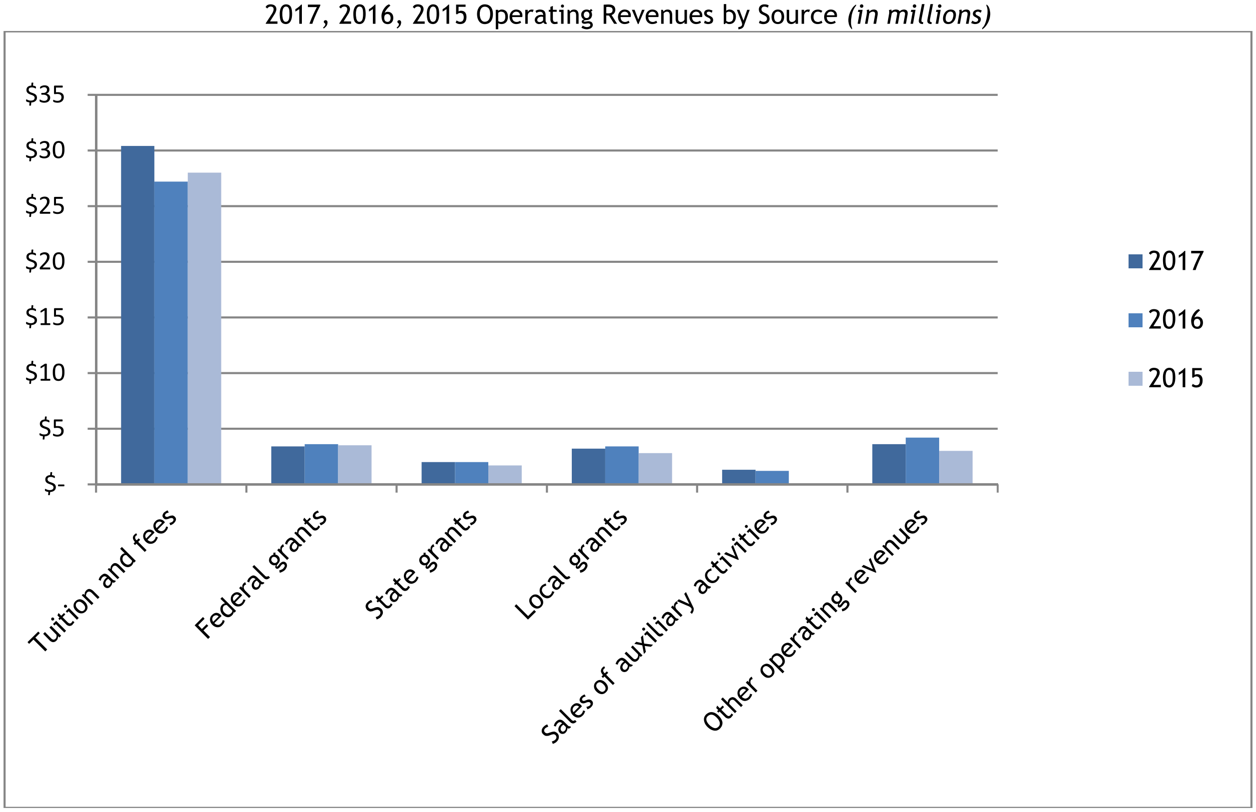
Operating Revenues

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.

2017 Operating Revenues by Source



2017, 2016, 2015 Operating Revenues by Source *(in millions)*



Operating Revenues

Fiscal Year 2017 Compared to 2016

Operating revenue changes were primarily the result of the following factors:

- Tuition and fee revenue increased by $3.2 million. The increase is due to the increase in the tuition rate offset by the decline in enrollment. Additionally, the amount of allowance for scholarships decreased by $2.5 million.
- Job training programs revenue within Miscellaneous revenue decreased $0.7 million due to decreased amount of qualified training by MNJT companies in 2017.

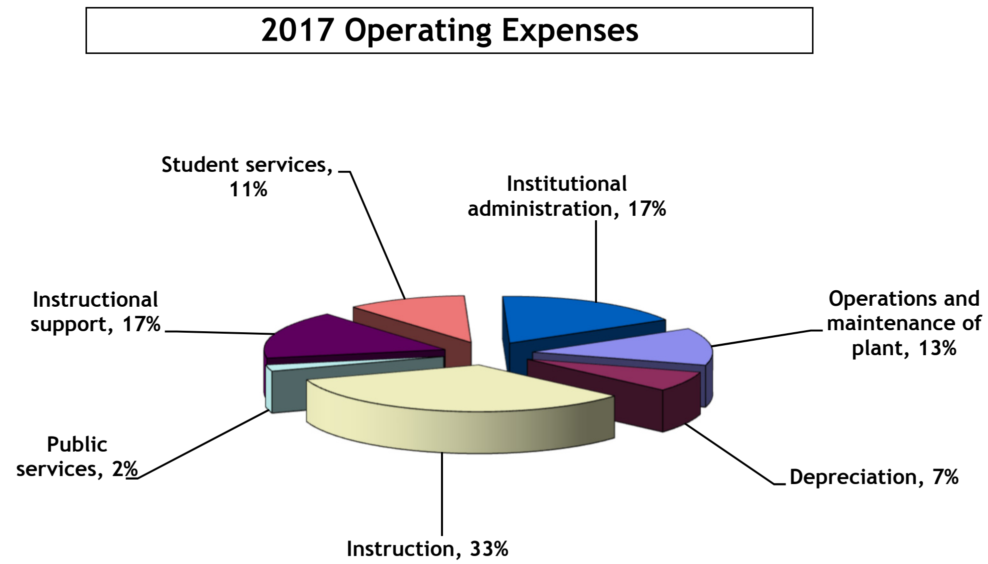
Fiscal Year 2016 Compared to 2015

Operating revenue changes were the result of the following factors:

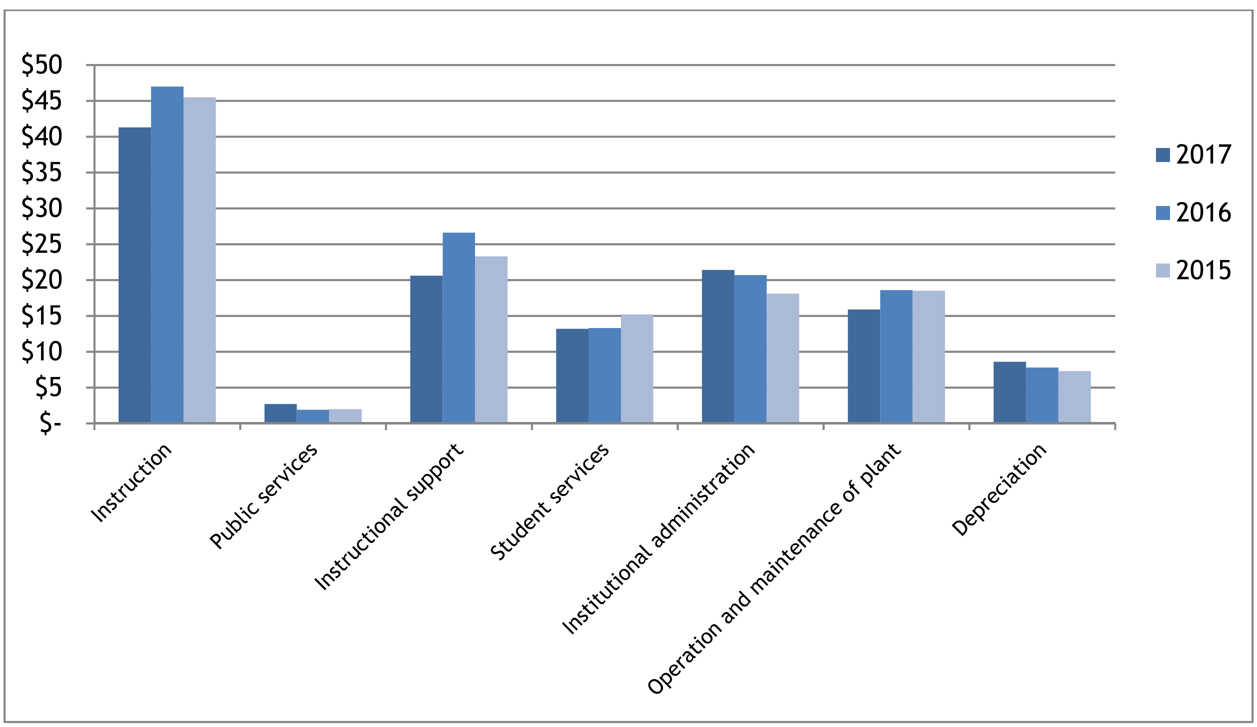
- Tuition and fee revenue decreased by $0.4 million. The decrease is attributable to decline in enrollment.
- Federal grants and contracts decreased by $0.6 million primarily due to the decrease in Perkins and National Science Foundation grants offset by a slight increase in TAA grants.
- Local grants increased $0.1 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 $1.0 million primarily due to an increase in the College’s Foundation scholarships.

Operating Expenses

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



2017, 2016, 2015 Operating Expenses by Function *(in millions)*



Fiscal Year 2017 Compared to 2016

Total operating expenses decreased $12.2 million. This decrease included ($4.2) million in pension expense adjustment compared to a $3.8 million in pension expense in 2016 totaling an $8.0 million decrease over the prior year. The remaining $4.2 million decrease is primarily due to a decrease in instructional and instructional support due to declining enrollment and a decrease in operation of maintenance of plant due to the completion of the Downtown Tree & Landscape project.

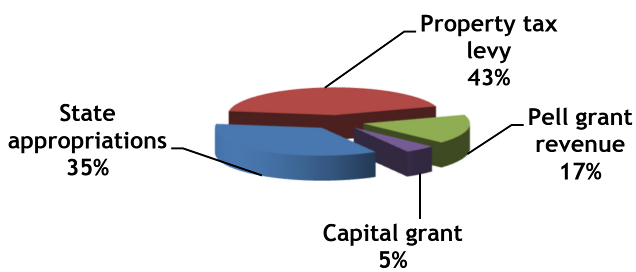
Fiscal Year 2016 Compared to 2015

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 a $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.

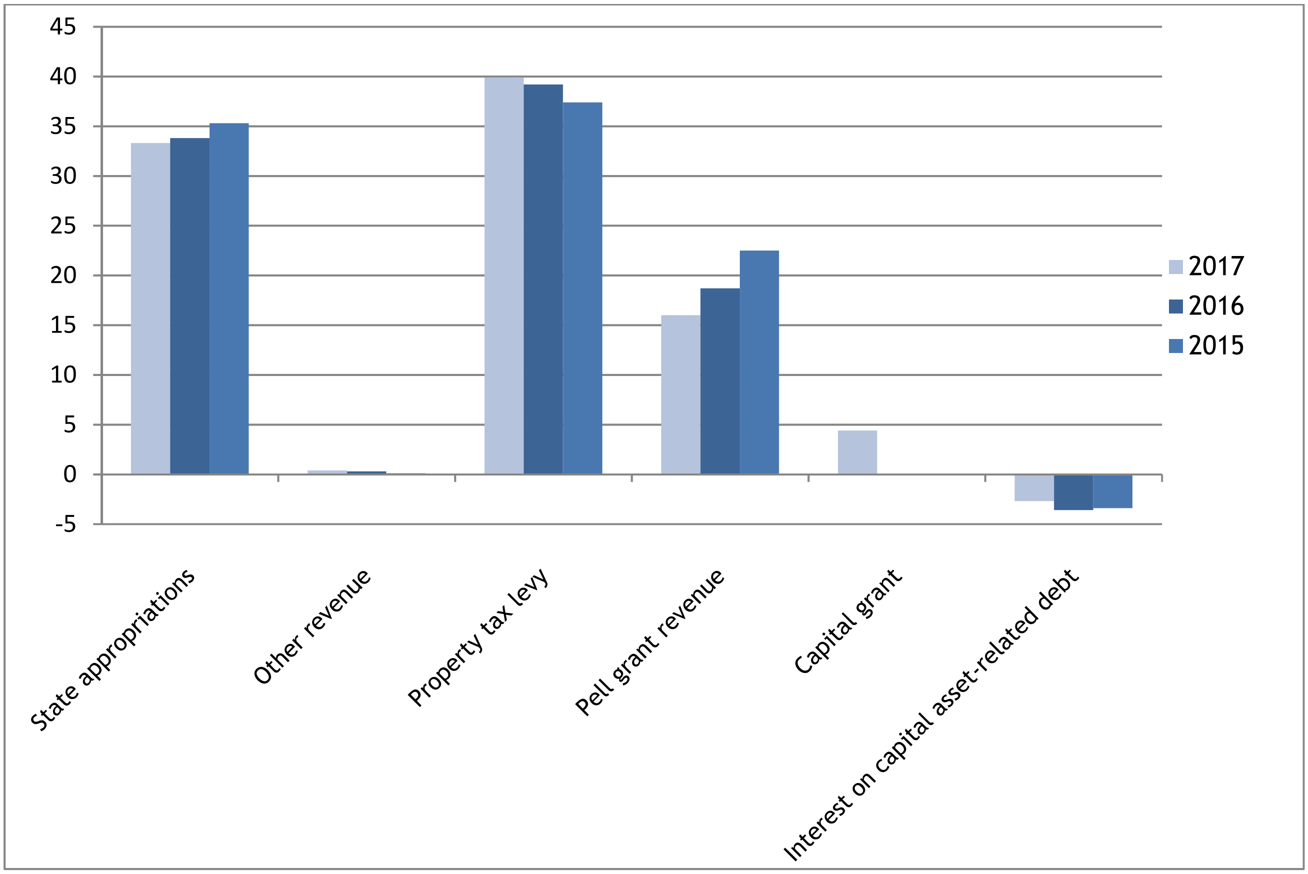
Non-Operating Revenues

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

2017 Non-Operating & Other Revenue



2017, 2016, 2015 Net Non-Operating Revenue *(in millions)*



Fiscal Year 2017 Compared to 2016

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

- Pell Grant awards decreased $2.7 million due to economic changes, and a decrease in enrollment.
- Property tax revenue increased $0.7 million due to an increase in property values and prior year delinquent tax collections by local taxing authorities.
- Interest on capital assets – related debt decreased $0.8 million due to the continued payment of outstanding debt issues.
- Capital grants increased by $4.4 million due to receipt of the CC-STEP Grant for the Center for Manufacturing Excellence from the State of Michigan.

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.

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

	2017	2016	Increase (Decrease) 2017-2016	2015	Increase (Decrease) 2016-2015
Cash provided (used) by:					
Operating activities	$ (69.4)	$ (78.1)	$ 8.7	$ (82.7)	$ 4.6
Noncapital financing activities	87.9	91.6	(3.7)	94.8	(3.2)
Capital and related financing activities	(13.0)	(17.9)	4.9	(24.9)	7.0
Investing activities	(2.9)	3.1	(6.0)	0.5	2.6
Net increase (decrease) in cash	2.6	(1.3)	3.9	(12.3)	11.0
Cash, beginning of year	11.1	12.4	(1.3)	24.7	(12.3)
Cash, end of year	$ 13.7	$ 11.1	$ 2.6	$ 12.4	$ (1.3)

Fiscal Year 2017 Compared to 2016

The College's cash and cash equivalents increased by $2.6 million during 2017 due to a number of offsetting factors in each of the following 4 categories:

- Operating Activities used $8.7 million less due primarily to increased salaries and wage payments of $1.6 million offset by $4.4 million increase in tuition and fees as a result of increased tuition rates; $2.2 million in grants and contracts related to the Center for Manufacturing Excellence grant and increased activity with area regional school district programs; and a decrease of $4.8 million in payments to students and suppliers due to lower expenses and timing differences in accounts payable.
- Noncapital Financing Activities received $3.7 million less due to lower Pell grant receipts due to lower enrollment and $0.7 million less in property tax receipts due to timing of prior year overdue amounts.
- Capital and Related Financing Activities used $4.9 million less due to the reduced purchases of capital assets, less principal and interest paid on debt obligations offset by no source of cash from bond refunding that was recorded in Fiscal Year 2015-16; and increased by $4.4 million from funds received by the Community College Skilled Trades Equipment Program (CCSTEP).
- Investing Activities received $6.0 million less due to purchase of new investments exceeding liquidation of held investments.

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.

Capital Assets and Debt Administration

Capital Assets

Fiscal Year 2017 Compared to 2016

As of June 30, 2017, the College had $353.9 million invested in capital assets, net of accumulated depreciation of $153.1 million, resulting in $200.8 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 2017 fiscal year is $65 thousand. Annual depreciation for fiscal 2017 was $8.6 million, which was offset by additions of $8.7 million.

Significant additions include the completion of construction and final 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 2017, 2016, and 2015 are shown below (in millions):

	2017	2016	Increase (Decrease) 2017-2016	2015	Increase (Decrease) 2016-2015
Land	$ 14.8	$ 14.8	$ -	$ 14.8	$ -
Buildings and improvements	240.9	222.2	18.7	214.3	7.9
Furniture, fixtures and equipment	88.6	81.2	7.4	77.6	3.6
Infrastructure and land improvements	4.9	4.8	0.1	3.8	1.0
Construction in progress	4.7	22.6	(17.9)	25.5	(2.9)
Total property and equipment	353.9	345.6	8.3	336.0	9.6
Less accumulated depreciation	153.1	144.9	8.2	137.3	7.6
Property and equipment, net	**$ 200.8**	**$ 200.7**	**$ 0.1**	**$ 198.7**	**$ 2.0**

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 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.

Debt

At year end, the College had $68.7 million in outstanding debt including three outstanding bond issues. The 2005 and 2007 bond issues were paid off in May 2017. The 2012 bond issue will be paid off in May of 2032. 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.

	2017	2016	Increase (Decrease) 2017-2016	2015	Increase (Decrease) 2016-2015
2005 building & site bonds	$ -	$ 4.0	$ (4.0)	$ 8.4	$ (4.4)
2006 general obligation bonds	-	-	-	7.6	(7.6)
2007 general obligation bonds	-	0.4	(0.4)	7.9	(7.5)
2012 building & site bonds (including premium)	54.4	56.0	(1.6)	56.6	(0.6)
2015 refunding bonds	6.8	7.4	(0.6)	-	7.4
2016 refunding bonds	7.5	7.6	(0.1)	-	7.6
Total long-term debt	68.7	75.4	(6.7)	80.5	(5.1)
Less current portion of long-term debt	(3.9)	(6.1)	2.2	(5.2)	(0.9)
Long-term debt, net of current portion	$ 64.8	$ 69.3	$ (4.5)	$ 75.3	$ (6.0)

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. Fiscal year 2017 was the first year that the College received appropriation at the level of 2012 for operations.

The current and projected economic outlook for Michigan includes continued uncertainty in employment, and a continued slow rebound in the real estate market. While there has been some recovery in the auto industry, the future also remains uncertain. Michigan's economy and economic outlook continues to be tied to the climate for the overall manufacturing industry in addition to the auto industry.

Property tax revenue to the College increased again in 2017. 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 caused major changes to the taxation of commercial and industrial personal property that will have an additional negative impact. Community college's are currently receiving personal property tax replacement disbursements from the State's Local Community Stabilization Authority. The College received $488 thousand in fiscal year 2017, however the continued funding from this Authority is formula based and new personal property placed in service by business is not subject to the calculation and the College will realize no new revenue.

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, 2017 and 2016 as a percentage of payroll ranged from 32.66 to 36.64 percent and 31.49 to 36.31 percent, respectively. The rates for the upcoming fiscal year range from 32.28 to 36.88 percent.

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 2018 as a result of the increase in the mandatory hard cap percentage public employers are required to fund toward employee health benefits and the increased contribution requirements for MPSERS.

Contacting the College's Financial Management

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF NET POSITION
JUNE 30, 2017 AND JUNE 30, 2016

	Primary Government Lansing Community College		Component Unit Lansing Community College Foundation	
Assets	**2017**	**2016**	**2017**	**2016**
Current assets				
Cash and cash equivalents	$ 13,726,408	$ 11,061,971	$ 195,401	$ 94,286
Short-term investments	22,565,496	22,581,369	(27,278)	60,336
Property taxes receivable, net	1,446,544	287,126	-	-
State appropriations receivable	6,832,034	6,713,298	-	-
Accounts receivable, net	3,104,673	4,754,765	681,000	2,923
Federal and state grants receivable	1,225,826	2,148,789	-	-
Inventories	134,348	178,035	-	-
Prepaid expenses and other assets	1,863,192	1,806,022	-	-
Due from Component Unit	23,364	22,682	-	-
Total current assets	**50,921,884**	**49,554,057**	**849,123**	**157,545**
Noncurrent assets				
Long-term investments	8,211,410	5,083,991	10,892,751	9,956,227
Capital assets not being depreciated	19,493,873	37,467,173	-	-
Capital assets being depreciated, net	181,301,910	163,263,927	-	-
Total noncurrent assets	**209,007,192**	**205,815,091**	**10,892,751**	**9,956,227**
Total assets	**259,929,076**	**255,369,148**	**11,741,874**	**10,113,772**
Deferred outflows of resources				
Deferred charge on refunding	831,639	997,967	-	-
Deferred pension amounts (Note 7)	19,460,975	14,002,164	-	-
Total deferred outflows of resources	**20,292,614**	**15,000,131**	**-**	**-**
Liabilities				
Current liabilities				
Accounts payable	4,539,141	5,703,957	57,266	16,312
Due to primary government	-	-	23,364	22,682
Accrued payroll and other compensation	6,983,918	7,120,604	-	-
Accrued vacation	1,744,836	1,615,870	-	-
Accrued interest payable	420,228	465,461	-	-
Unearned revenue	3,438,610	3,417,583	-	-
Current portion of debt obligations	3,875,000	6,115,000	-	-
Total current liabilities	**21,001,733**	**24,438,475**	**80,630**	**38,994**
Noncurrent liabilities				
Long-term debt obligations, net of current portion	64,790,095	69,248,858	-	-
Net pension liability (Note 7)	139,408,096	134,564,773	-	-
Total noncurrent liabilities	**204,198,191**	**203,813,631**	**-**	**-**
Total liabilities	**225,199,924**	**228,252,106**	**80,630**	**38,994**
Deferred inflows of resources				
Deferred pension amounts (Note 7)	**6,914,210**	**5,425,038**	**-**	**-**
Net position				
Net investment in capital assets	132,962,327	126,365,209	-	-
Restricted:				
Restricted for restricted fund activities	7,917	-	-	-
Nonexpendable - permanently restricted	-	-	7,992,391	7,044,758
Expendable - temporarily restricted	-	-	3,517,547	2,929,580
Unrestricted (deficit) (Note 9)	(84,862,688)	(89,673,074)	151,306	100,440
Total net position	**$ 48,107,556**	**$ 36,692,135**	**$ 11,661,244**	**$ 10,074,778**

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

	Primary Government Lansing Community College		Component Unit Lansing Community College Foundation	
	2017	2016	2017	2016
Operating revenues				
Tuition and fees (net of scholarship allowances of $18,629,081 and $21,154,787 in 2017 and 2016, respectively)	$ 30,405,367	$ 27,216,821	$ -	$ -
Federal grants and contracts	3,352,561	3,555,172	-	-
State grants and contracts	2,039,964	1,989,818	-	-
Local grants and contracts	3,243,550	3,372,026	-	-
Sales and services of educational activities	22,323	153,547	-	-
Sales and services of auxiliary activities	1,280,918	1,200,923	-	-
Job training programs	408,793	1,145,395	-	-
Miscellaneous	3,184,897	2,888,170	-	-
Total operating revenues	**43,938,373**	**41,521,872**	**-**	**-**
Operating expenses				
Instruction	41,302,810	47,019,899	-	-
Public services	2,703,721	1,911,608	-	-
Instructional support	20,565,407	26,570,255	-	-
Student services	13,235,947	13,322,729	-	-
Institutional administration	21,387,848	20,696,479	-	-
Operation and maintenance of plant	15,925,653	18,600,704	-	-
Depreciation	8,643,040	7,834,826	-	-
Foundation operations and fundraising	-	-	794,815	765,328
Total operating expenses	**123,764,426**	**135,956,500**	**794,815**	**765,328**
Operating loss	**(79,826,053)**	**(94,434,628)**	**(794,815)**	**(765,328)**
Nonoperating revenues (expenses)				
State appropriations	33,317,442	33,761,131	-	-
Property tax levy	39,910,486	39,207,101	-	-
Pell Grant revenue	15,980,057	18,705,818	-	-
Investment return and other gains (losses)	178,180	156,030	1,126,382	(36,487)
Interest on capital asset-related debt	(2,747,508)	(3,579,459)	-	-
Gifts	-	-	1,394,304	898,581
Payments to primary government	-	-	(1,083,406)	(696,240)
Net nonoperating revenues	**86,638,657**	**88,250,621**	**1,437,280**	**165,854**
Change in net position before other revenues	**6,812,604**	**(6,184,007)**	**642,465**	**(599,474)**
Other revenues				
State capital grants	4,400,299	-	-	-
Capital gifts	202,518	142,896	-	-
Additions to permanent endowment funds	-	-	944,001	172,007
Total other revenues	**4,602,817**	**142,896**	**944,001**	**172,007**
Change in net position	**11,415,421**	**(6,041,111)**	**1,586,466**	**(427,467)**
Net position, beginning of year	36,692,135	42,733,246	10,074,778	10,502,245
Net position, end of year	**$ 48,107,556**	**$ 36,692,135**	**$ 11,661,244**	**$ 10,074,778**

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

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

	Primary Government Lansing Community College	
	2017	**2016**
Cash flows from operating activities		
Tuition and fees	$ 32,075,805	$ 27,677,777
Grants and contracts	9,559,038	6,813,512
Payments to suppliers and students	(34,395,582)	(39,186,293)
Payments to or on behalf of employees	(83,106,843)	(81,547,841)
Educational enterprise charges	22,323	153,547
Auxiliary enterprise charges	1,562,929	1,467,087
Other	4,952,900	6,538,170
Net cash used in operating activities	**(69,329,430)**	**(78,084,041)**
Cash flows from noncapital financing activities		
Local property taxes	38,751,068	39,450,868
Pell Grant receipts	15,980,057	18,705,818
William D. Ford direct lending receipts	18,612,449	25,096,493
William D. Ford direct lending disbursements	(18,612,449)	(25,096,493)
State scholarship and grant receipts	1,915,019	1,461,952
State scholarship and grant disbursements	(1,915,019)	(1,461,952)
State appropriations	33,198,706	33,431,413
Net cash provided by noncapital financing activities	**87,929,831**	**91,588,099**
Cash flows from capital and related financing activities		
Purchase of capital assets	(8,723,092)	(9,812,404)
State capital grants	4,400,299	-
Principal paid on capital debt and other noncurrent obligations	(6,115,000)	(12,490,000)
Proceeds from sales of capital assets	17,000	2,968
Capital gifts	202,518	142,896
Discount on bonds	10,047	2,757
Proceeds from bond refunding	-	7,912,528
Interest paid on capital asset-related debt	(2,792,741)	(3,674,993)
Net cash used in capital and related financing activities	**(13,000,969)**	**(17,916,248)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	12,274,193	5,067,698
Interest on investments	30,556	17,549
Purchases of investments	(15,239,744)	(2,033,622)
Net cash (used in) provided by investing activities	**(2,934,995)**	**3,051,625**
Net increase (decrease) in cash and cash equivalents	**2,664,437**	**(1,360,565)**
Cash and cash equivalents, beginning of year	11,061,971	12,422,536
Cash and cash equivalents, end of year	**$ 13,726,408**	**$ 11,061,971**

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

STATEMENTS OF CASH FLOWS (Concluded)
YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

	Primary Government Lansing Community College	
	2017	**2016**
Reconciliation of operating loss		
to net cash used in operating activities		
Operating loss	$ (79,826,053)	$ (94,434,628)
Adjustments to reconcile operating loss to net cash		
used in operating activities		
Depreciation	8,643,040	7,834,826
Amortization of bond premium	(593,810)	(570,217)
Amortization of loss on refunding	166,328	166,328
(Increase) decrease in operating assets:		
Accounts receivable, net	1,649,411	426,095
Federal and state grants receivable	922,963	(958,109)
Inventories	43,687	48,146
Prepaid expenses and other current assets	(57,170)	(1,579,525)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	(1,164,816)	2,019,269
Accrued payroll and other compensation	(136,686)	1,649,196
Accrued vacation	128,966	55,067
Unearned revenue	21,027	34,861
Change in net pension liability and deferred amounts	873,684	7,224,650
Net cash used in operating activities	**$ (69,329,430)**	**$ (78,084,041)**

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

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.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The board of the Foundation is self-perpetuating and consists of friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. The College provides certain support and facilities to the Foundation.

During the years ended June 30, 2017 and 2016, the Foundation distributed $1,083,406 and $696,240, 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.

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, 2017 and June 30, 2016 were in the form of Insured Cash Sweep Account (ICS) or Certificate of Deposit Account Registry Service (CDARS). ICSs 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 acquisition value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

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

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.

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) 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 Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 2017 summer semester began May 15, 2017 and ended August 15, 2017. The 2016 summer semester began May 21, 2016 and ended August 15, 2016.

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, 2017 and 2016, the College levied 3.8072 mills per $1,000 of assessed valuation for general operations.

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, 2017 and 2016 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.

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. Reclassification

Certain amounts as reported in the 2016 financial statements have been reclassified to conform with the 2017 presentation.

U. 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.

V. Upcoming Accounting Pronouncement

The Governmental Accounting Standards Board has issued GASB Statement No. 75, *Postemployment Benefits Other Than Pensions*, which will be effective for the College's fiscal year ending June 30, 2018. This statement will require the recognition of a net Other Postemployment Benefits (OPEB) liability on the statement of net position, equal to the College's proportionate share of the net OPEB liability of the Michigan Public School Employees Retirement System (MPSERS), as defined and calculated in accordance with the new standard. While the exact amount of this liability is not readily determinable at this time, management estimates that it will be at least $63 million. This statement will require the net OPEB liability to be recorded for the year ending June 30, 2018, by restating beginning net position as of July 1, 2017.

2. DEPOSITS AND INVESTMENTS

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

	2017	2016
Cash and cash equivalents	$ 13,726,408	$ 11,061,971
Short-term investments:		
Insured Cash Sweep (ICS) Account	10,543,679	5,289,282
Certificate of Deposit Account Registry Service (CDARS)	12,021,817	17,292,087
Long-term investments (CDARS)	8,211,410	5,083,991
	$ 44,503,314	$ 38,727,331

The College did not hold any investment securities as of June 30, 2017 or 2016.

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:

2017	Less Than One Year	One to Five Years	Total
ICS	$ 10,543,679	$ -	$ 10,543,679
CDARS	12,021,817	8,211,410	20,233,227
	$ 22,565,496	$ 8,211,410	$ 30,776,906

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
	$ 22,581,369	$ 5,083,991	$ 27,665,360

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO). The College does not allow direct investment in corporate bonds.

Concentration of credit risk. The College minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the College's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

No more than $10,000,000 shall be invested in any of the following:

1. The certificates of deposit, savings accounts, or share certificates of any one financial institution.

2. The bankers' acceptances of any one bank.

3. The commercial paper of any one issuer.

Investments in commercial paper rated prime 1, certificates of deposit, savings accounts, share certificates, or bankers' acceptances may not exceed 5% of the issuer's net worth at the time of purchase by the College. Investments in commercial paper rated prime 2 may not exceed 3% of the issuer's net worth at the time of purchase by the College.

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

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, 2017, $0 of the College's bank balance of $45,262,832 was uninsured or uncollateralized. At June 30, 2016, $0 of the College's bank balance of $40,172,673 was uninsured and uncollateralized. The College does have over $10,000,000 at one institution as of June 30, 2017 and 2016. 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:

	2017	2016
Property taxes receivable	$ 2,600,674	$ 5,698,499
Less allowance for doubtful collection	(1,154,130)	(5,411,373)
Property taxes receivable, net	**$ 1,446,544**	**$ 287,126**

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

	2017	2016
Accounts receivable	$ 21,838,073	$ 21,842,496
Less allowance for doubtful collection	(18,733,400)	(17,087,731)
Accounts receivable, net	**$ 3,104,673**	**$ 4,754,765**

4. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2017 and 2016 follows:

	Beginning Balance July 1, 2016	Additions	Deletions	Transfers	Ending Balance June 30, 2017
Assets not being depreciated:					
Land	$ 14,824,146	$ -	$ -	$ -	$ 14,824,146
Construction in progress	22,643,027	7,347,101	-	(25,320,401)	4,669,727
Total capital assets not being depreciated	37,467,173	7,347,101	-	(25,320,401)	19,493,873
Capital assets being depreciated:					
Buildings and improvements	222,118,787	-	-	18,760,309	240,879,096
Furniture and equipment	81,219,092	1,282,817	(487,520)	6,560,092	88,574,481
Infrastructure and improvements	4,840,162	93,175	-	-	4,933,337
Total capital assets being depreciated	308,178,041	1,375,992	(487,520)	25,320,401	334,386,914
Less accumulated depreciation:					
Buildings and improvements	74,261,137	5,173,495	-	-	79,434,632
Furniture and equipment	67,203,047	3,281,189	(472,150)	-	70,012,086
Infrastructure and improvements	3,449,930	188,356	-	-	3,638,286
Total accumulated depreciation	144,914,114	8,643,040	(472,150)	-	153,085,004
Capital assets being depreciated, net	163,263,927	(7,267,048)	(15,370)	25,320,401	181,301,910
Capital assets, net	**$200,731,100**	**$ 80,053**	**$ (15,370)**	**$ -**	**$ 200,795,783**

	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	25,463,894	8,049,771	-	(10,870,638)	22,643,027
Total capital assets not being depreciated	40,288,040	8,049,771	-	(10,870,638)	37,467,173
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	3,823,329	14,782	-	1,002,051	4,840,162
Total capital assets being depreciated	295,720,750	1,762,633	(175,980)	10,870,638	308,178,041
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	3,288,060	161,870	-	-	3,449,930
Total accumulated depreciation	137,255,268	7,834,826	(175,980)	-	144,914,114
Capital assets being depreciated, net	158,465,482	(6,072,193)	-	10,870,638	163,263,927
Capital assets, net	**$198,753,522**	**$ 1,977,578**	**$ -**	**$ -**	**$ 200,731,100**

As of June 30, 2017, construction in progress reflected amounts expended for the new Center for Manufacturing Excellence (CME), Gannon conference center renovations, and Infrastructure Upgrade, which were not yet completed as of June 30, 2017. As of June 30, 2017, the College had approximately $2.4 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:

	2017	2016
Phil’s gift cards	$ 1,409	$ 1,189
Student tuition and fees	2,513,694	2,837,124
Restricted funds	923,507	579,270
Total	**$ 3,438,610**	**$ 3,417,583**

6. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 75,363,858	$ -	$ 6,698,763	$ 68,665,095	$ 3,875,000

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	27,564	-	27,564	-	-
Total long-term liabilities	$ 80,536,354	$ 15,120,000	$ 20,292,496	$ 75,363,858	$ 6,115,000

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

	2017	2016
2012 building and site and refunding bonds original balance of $50,300,000, due in annual installments of $80,000 to $5,240,000 through May 1, 2032 plus interest at 2.0% to 5.0%	$ 47,715,000	$ 48,765,000
2015 limited tax refunding bonds original balance of $7,395,000, due in annual installments of $640,000 to $845,000 through May 1, 2026 plus interest at 2.20%	6,755,000	7,395,000
2016 limited tax refunding bonds original balance of $7,725,000, due in annual installments of $85,000 to $870,000 through May 1, 2026 plus interest at 2.140%	7,540,000	7,625,000
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% (refunded during 2017)	-	3,990,000

	2017	2016
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
Plus: premium on bonds	6,655,095	7,248,905
Less: discount on bonds	-	(10,047)
Total long-term debt obligations	**$ 68,665,095**	**$ 75,363,858**

Scheduled principal and interest requirements of debt obligations for years succeeding June 30, 2017 are summarized are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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	3,440,000	1,963,080	5,403,080
2023-2027	19,275,000	7,847,052	27,122,052
2028-2032	23,865,000	3,647,950	27,512,950
	62,010,000	22,651,173	84,661,173
Premium on bonds	6,655,095	-	6,655,095
Total as of June 30, 2017	**$ 68,665,095**	**$ 22,651,173**	**$ 91,316,268**

Scheduled principal and interest requirements of debt obligations for years succeeding June 30, 2016 are summarized are 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	5,240,000	262,000	5,502,000
	68,125,000	25,443,939	93,568,939
Premium on bonds	7,248,905	-	7,248,905
Discount on bonds	(10,047)	-	(10,047)
Total as of June 30, 2016	**$ 75,363,858**	**$ 25,443,939**	**$ 100,807,797**

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, 2017 and 2016 was $2,747,508 and $3,579,459, 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 an interest 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 (MPSERS), a cost-sharing multi-employer state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "State") originally created under Public Act 136 of 1945, recodified and 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.

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, 2016 valuation will be amortized over a 20-year period for the 2016 fiscal year.

Employer contribution requirements for pension, inclusive of the MPSERS UAAL Stabilization rates, ranged from 14.56% to 19.03% of covered payroll for the College's fiscal 2017. Plan member contributions range from 0.0% to 7.0% of covered payroll for the College's fiscal 2017.

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.

The College's contribution to MPSERS under pension plans for the years ended June 30, 2017, 2016 and 2015 were $13,710,723, $11,176,120 and $14,585,927, respectively.

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

At June 30, 2017 and 2016, the College reported a liability of $139,408,096 and $134,564,773, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2016 and 2015, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2015 and 2014, 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, 2016, the College's proportion was 0.55877% compared to 0.55093% at September 30, 2015, an increase of 0.00784%.

For the year ended June 30, 2017, the College recognized its proportional share of the Plan's pension expense of $13,165,000. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2017	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 1,737,393	$ 330,401	$ 1,406,992
Changes in assumptions	2,179,536	-	2,179,536
Net difference between projected and actual earnings on pension plan investments	2,316,962	-	2,316,962
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,471,820	1,538,032	(66,212)
	7,705,711	1,868,433	5,837,278
Pension portion of Sec 147c state aid award (School Year 2016-2017)	-	5,045,777	(5,045,777)
College contributions subsequent to the measurement date	11,755,264	-	11,755,264
Total	**$ 19,460,975**	**$ 6,914,210**	**$ 12,546,765**

The $11,755,264 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 ended June 30, 2018. The $5,045,777 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to Sec 147c of the State School Aid Act (PA 94 of 1979), will be recognized as State appropriation revenue for the year ending June 30, 2018. 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
2018	$ 975,824
2019	793,323
2020	3,347,756
2021	720,375
Total	**$ 5,837,278**

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:

2016	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
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	15,234	1,560,036	(1,544,802)
	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	9,986,815	-	9,986,815
Total	**$ 14,002,164**	**$ 5,425,038**	**$ 8,577,126**

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, 2015 and 2014 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)	7.0% for 2015 (7.5% for 2014)
Cost of living adjustments	3.0% annual, non-compounded for MIP members
Mortality	RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection scale BB. This assumption was first used for the September 30, 2014 valuation of the System. 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.

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, 2016 and 2015, is based on the results of an actuarial valuation date of September 30, 2015 and 2014, respectively, and rolled forward using generally accepted actuarial procedures, including the experience study.

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, 2016 and 2015, are summarized in the following table:

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 %
	100.00 %		
Inflation			2.10
Investment rate of return			8.00 %

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, 2017 and 2016, 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:

College's Proportionate Share of the Net Pension	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
As of June 30, 2017	$ 179,522,538	$ 139,408,096	$ 105,587,765
As of June 30, 2016	$ 173,488,488	$ 134,564,773	$ 101,750,488

Change in Pension Plan Actuarial Assumption On February 23, 2017, in accordance with PA 300 of 1980, as amended, the Michigan Public Schools Employees' Retirement System's Board approved a decrease in the assumed investment rate of return (discount rate) used in the System's annual actuarial valuation for the non-hybrid defined benefit pension plan from 8% to 7.5% effective for the September 30, 2016 valuation and following.

The September 30, 2016 Annual Actuarial Valuation Report will be used to establish the employer contribution for fiscal year beginning October 1, 2018 and will be based upon the 7.5% investment rate of return assumption. The actuarial computed employer contributions for fiscal year 2019 and beyond and the net pension liability as of June 30, 2019 and beyond will increase as a result of lowering the assumed investment rate of return.

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, 2017, the College reported a payable of $1,101,227 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2017. 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.

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 5.69% to 6.83% and 2.71% to 6.83% of covered payroll for fiscal 2017 and 2016, 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.

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 $4,727,035, $4,819,040, and $1,743,040 for the years ended June 30, 2017, 2016, and 2015, respectively.

Other

Per MPSERS' comprehensive annual financial report as of September 30, 2016, the unfunded actuarial accrued liability (UAAL) for other postemployment benefits (OPEB/Healthcare) for MPSERS is $9.3 billion, and the ratio of the UAAL to covered payroll is 112.6%.

For fiscal year ended June 30, 2017, Lansing Community College had approximately $55.9 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 $63 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 134 and 129 participants at June 30, 2017 and 2016, 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, 2017 were $439,337 and $1,226,057, respectively. The participant and College contributions to ORP for the year ended June 30, 2016 were $411,108 and $1,147,162, respectively.

9. UNRESTRICTED NET DEFICIT

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

	2017	2016
Auxiliary activities	$ 3,758,236	$ 3,469,786
Encumbrances	1,156,330	1,240,522
Plant improvement	15,087,740	11,398,359
Pension liability fund deficit	(126,861,331)	(125,987,647)
Board of Trustees Designated purposes	1,636,905	1,571,233
Undesignated	20,359,432	18,634,673
Total unrestricted net deficit	**$ (84,862,688)**	**$ (89,673,074)**

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 $1,141,048 and $1,132,411 for fiscal 2017 and 2016, respectively.

The following is a schedule of annual future minimum lease payments required under these non-cancelable operating leases as of June 30, 2017:

Year	Amount
2018	$ 1,068,232
2019	926,060
2020	929,935
2021	296,114
2022	116,169
2023-2027	288,346
2028-2032	256,992
2033-2037	110,998
Total minimum payments due	**$ 3,992,846**

11. RISK MANAGEMENT

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

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

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.

13. SUBSEQUENT EVENT

During fiscal year 2018, the College's Board of Trustees approved the issuance of General Revenue Bonds in the amount of $48.5 million; $13.5 million is to be used for renovation of the Technology and Learning Center, replacing cooling tower and chiller in the Heath and Human Services building as well as updating heating and cooling system at the West Campus. $35 million is to be used for the refunding of the 2012 Bonds. As of October 6, 2017, this bond has not been issued.

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Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30		
	2017	2016	2015
College's proportion of the net pension liability	$139,408,096	$134,564,773	$123,194,232
College's proportionate share of the net pension liability	0.55877%	0.55093%	0.55930%
College's covered-employee payroll	$ 46,761,637	$ 45,514,783	$ 52,829,768
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	298.12%	295.65%	233.19%
Plan fiduciary net position as a percentage of the total pension liability	63.27%	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.

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of College Contributions (Unaudited)

	Year Ended June 30		
	2017	2016	2015
Contractually required contribution	$ 13,710,723	$ 11,176,120	$ 14,585,927
Contributions in relation to the contractually required contribution	(13,710,723)	(11,176,120)	(14,585,927)
Contribution deficiency (excess)	$ -	$ -	$ -
College's covered-employee payroll	$ 47,289,366	$ 46,159,222	$ 48,782,946
Contributions as a percentage of covered employee payroll	28.99%	24.20%	29.90%

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.

<u>Contents</u>

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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
OPERATING REVENUES										
Tuition and fees (net of scholarships allowances)	$30,405,367	$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
Federal grants and contracts	3,352,561	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
State grants and contracts (5)	2,039,964	1,989,818	1,709,876	1,202,810	1,414,642	1,236,128	308,623	589,955	1,158,988	1,170,917
Local grants and contracts (5)	3,243,550	3,372,026	3,316,514	2,842,918	3,028,011	2,936,104	2,994,464	2,452,566	2,149,412	2,774,743
Sales and services of educational activities (1)	22,323	153,547	280,068	401,923	361,835	1,207,875	1,274,118	1,352,067	1,644,901	1,269,628
Sales and services of auxiliary activities	1,280,918	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
Job Training Programs	408,793	1,145,395	369,171	484,437	-	-	-	-	-	-
Miscellaneous (5)	3,184,897	2,888,170	2,668,037	1,451,163	1,473,168	1,643,600	1,592,534	1,263,106	1,089,933	358,168
Total operating revenues	43,938,373	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
OPERATING EXPENSES										
Instruction (5)	41,302,810	47,019,899	45,539,843	47,495,410	48,827,540	48,921,597	47,627,872	46,403,697	46,654,529	43,283,246
Information technology (2)	-	-	-	-	-	-	-	-	-	-
Public services (5)	2,703,721	1,911,608	2,015,322	2,162,257	2,196,929	3,164,438	2,980,456	3,094,673	3,188,632	3,022,360
Instructional support (5)	20,565,407	26,570,255	23,323,896	21,917,746	22,020,718	21,545,150	21,211,978	22,386,779	22,732,391	20,447,472
Student services (1)(3)(5)	13,235,947	13,322,729	15,240,309	17,926,228	20,559,075	26,742,055	29,539,633	26,913,778	19,182,351	17,729,457
Institutional administration (1)(5)	21,387,848	20,696,479	18,125,659	16,630,435	12,999,388	12,029,791	11,679,996	11,245,916	14,026,044	8,841,887
Operation and maintenance of plant (1)(3)(5)	15,925,653	18,600,704	18,489,746	17,033,486	16,993,682	17,927,676	18,855,091	17,827,998	19,449,921	16,306,000
Depreciation expense	8,643,040	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
Total operating expenses	123,764,426	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
Operating loss	**(79,826,053)**	**(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)**
NONOPERATING REVENUES (EXPENSES)										
State appropriations	33,317,442	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
Property tax levy	39,910,486	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
Pell Grant revenue	15,980,057	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
Investment return and other gains	178,180	156,030	139,381	177,187	224,494	509,745	195,154	82,155	437,689	1,244,354
Interest on capital asset - related debt	(2,747,508)	(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)
Net nonoperating revenues	86,638,657	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
Change in net position before other revenues	6,812,604	(6,184,007)	2,243,367	2,477,599	4,112,100	3,842,757	7,539,776	4,172,488	(3,636,384)	10,598,749
OTHER REVENUES										
State capital appropriations	-	-	-	9,366,050	-	-	-	-	1,092,736	2,532,140
State capital grants	4,400,299	-	-	-	-	-	-	-	-	-
Capital gifts	202,518	142,896	-	50,000	1,300,000	-	-	-	-	1,089,597
Total other revenues	4,602,817	142,896	-	9,416,050	1,300,000	-	-	-	1,092,736	3,621,737
Total change in net position	**11,415,421**	**(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**
NET POSITION, beginning of year	36,692,135	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
Implementation of GASB 68	-	-	(120,280,113)	-	-	-	-	-	-	-
NET POSITION, beginning of year (4)	36,692,135	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
NET POSITION, end of year	**$ 48,107,556**	**$ 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**

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.

(5) 2016 amounts reclassified to conform with the 2017 presentation.

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net Position										
Net investment in capital assets	$132,962,327	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
Restricted for:										
Restricted fund activities	7,917	-	152,940	-	-	171,618	171,618	171,618	171,618	171,618
Unrestricted	(84,862,688)	(89,673,074)	(76,828,721)	45,328,010	44,361,626	37,416,129	35,161,308	26,734,852	22,545,110	21,529,269
Total Net Position	**$48,107,556**	**$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**

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

LANSING COMMUNITY COLLEGE
REVENUE CAPACITY
Major Taxpayers
2017 Levy Year vs. 2008 Levy Year
(Unaudited)

2017 Levy Year					2008 Levy Year				
2017 Taxpayer	**Type of Business**	**2017 Taxable Valuation**	**Rank (1)**	**Percentage of Total College District Taxable Valuation ($10,963,548,011)**	**2008 Taxpayer**	**Type of Business**	**2008 Taxable Valuation**	**Rank (1)**	**Percentage of Total College District Taxable Valuation ($11,394,316,077)**
Enbridge Energy LP	Oil & Gas Delivery/Storage	$190,853,165	1	1.74%	Consumers Energy	Utility	$77,940,649	1	0.68%
Consumers Energy Company	Utility	110,002,182	2	1.00%	Jackson National Life	Insurance	33,738,583	2	0.30%
Jackson National Life	Insurance	44,528,493	3	0.41%	Inland Western (Eastwood LLC)	Shopping Mall	33,561,151	3	0.29%
Enbridge Pipelines (Toledo) Inc.	Crude Oil Transportation	34,736,800	4	0.32%	Dart Container Corporation	Packaging Products	29,413,208	4	0.26%
Meridian Mall LTD Partnership	Shopping Mall	31,283,743	5	0.29%	Meijer	Retail	28,751,255	5	0.25%
Retail Properties of America, Inc.	Retail Property Management	27,683,779	6	0.25%	Meridian Mall LTD Partnership	Shopping Mall	27,905,575	6	0.24%
Dart Container Corporation	Packaging Products	21,109,636	7	0.19%	Eyde LTD Family Partnership	Property Management	27,262,751	7	0.24%
C 150 2929 Hannah Lofts LLC	Property Management	20,565,197	8	0.19%	Wal-Mart Stores, Inc.	Retail	21,468,436	8	0.19%
General Motors Company	Automotive	15,537,203	9	0.14%	General Motors Corporation	Automotive	21,252,870	9	0.19%
Gestamp Mason LLC	Metal Heat Treating	7,889,524	10	0.07%	Gestamps US Hardtech Inc.	Metal Heat Treating	2,750,945	10	0.02%

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
2017	$10,963,548,011	3.8072	$41,740,420	----	----
2016	10,614,700,749	3.8072	40,412,289	$38,482,235	4.78%
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%

(1) 2017 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
2017	$41,740,420	----	----	----	----	----
2016	40,412,289	$38,482,235	95.22%	----	$38,934,180	96.34%
2015	39,791,082	38,639,111	97.10%	$451,945	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	41,735,024	96.21%

(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)
2017	$10,963,548,011	$12,674,865,915	$1,901,229,887	$68,665,095	$0	$68,665,095	$1,832,564,792	$127,998,659	$59,333,564	----
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	190
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

(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 2008-2013 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)

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income	Unemployment Rate (3)
2017	----	----	----	4.30%
2016	397,211	----	----	4.60%
2015	394,886	$14,751,514	$37,532	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%

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
2017 Employers vs. 2008 Employers
(Unaudited)

2017

Employer	Product/Service	Rank	No. of Employees	% of Total District Population
State of Michigan	Government	1	15,000	3.78%
Michigan State University	Higher Education	2	12,516	3.15%
Sparrow Health System	Health Care	3	9,500	2.39%
General Motors Corporation	Automotive	4	5,800	1.46%
Ingham Regional Medical Center/McLaren	Health Care	5	3,000	0.76%
Lansing School District	Education	6	3,000	0.76%
Lansing Community College	Education	7	2,424	0.61%
Meijer's, Inc.	Retail	8	2,215	0.56%
Auto Owners Insurance	Insurance	9	1,800	0.45%
Jackson National Life Insurance Company	Insurance	10	1,700	0.43%

2008

Employer	Product/Service	Rank	No. of Employees	% of Total District Population
State of Michigan	Government	1	14,355	3.70%
Michigan State University	Higher Education	2	10,500	2.70%
Sparrow Health System	Health Care	3	6,000	1.55%
General Motors Corporation	Automotive	4	5,000	1.29%
Lansing Community College	Education	5	3,180	0.82%
Ingham Regional Medical Center	Health Care	6	2,500	0.64%
Lansing School District	Education	7	2,106	0.54%
Meijer's, Inc	Retail	8	2,000	0.52%
Auto Owners Insurance	Insurance	9	1,500	0.39%
Peckham Industries	Textiles, Auto Parts	10	1,400	0.36%

Source: Ingham County December 31, 2016 CAFR

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

Facilities Data	**2017** (1)	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Size of campus (acres)	96.00	96.00	96.00	96.00	96.00	94.00	94.00	109.00	109.00	109.00
Square footage of gross building space (2)	1,883,612	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
Number of classrooms	136	136	136	136	136	132	130	136	137	137
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: 2007-2016 LCC Campus Master Plans
(1) FY17 Master Plan submitted to the state October 2016
(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 (2)
2017 (3)	-----	-----	-----	-----	-----	$99.00	$198.00	$297.00	-----	-----
2016	9,570	25,527	94,348	17.0	296,678	88.00	176.00	264.00	$4,894	$46,831,687
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

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) Total tuition and fee revenue includes general and designated funds only.

(3) The ACS Report for June 30, 2017 is due November 1, 2017, 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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
ADMINISTRATOR FTE:	**169**	**162**	**163**	**224**	**142**	**171**	**176**	**171**	**169**	**182**
Full-Time	164	156	156	200	133	155	155	147	152	165
Part-Time	16	17	22	72	27	47	62	59	52	52
Calculated Part-Time FTE (1)	5	6	7	24	9	16	21	20	17	17
FACULTY FTE:	**645**	**647**	**697**	**725**	**778**	**865**	**816**	**826**	**825**	**807**
Full-Time	190	179	189	184	211	225	217	229	223	250
Part-Time	1,364	1,404	1,524	1,624	1,700	1,919	1,786	1,781	1,796	1,670
Calculated Part-Time FTE (1)	455	468	508	541	567	640	599	597	602	557
SUPPORT FTE:	**287**	**270**	**260**	**204**	**286**	**275**	**257**	**283**	**257**	**287**
Full-Time	229	212	204	150	198	183	158	187	163	195
Part-Time	173	175	168	163	264	275	295	287	280	277
Calculated Part-Time FTE (1)	58	58	56	65	88	92	99	96	94	92
Actual total employees reported	2,136	2,143	2,263	2,393	2,533	2,804	2,673	2,690	2,666	2,609
TOTAL FTE (1)	1,101	1,079	1,120	1,153	1,206	1,311	1,249	1,281	1,252	1,276

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.

Lansing Community College
Where Success Begins

Special Reports Section

LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION (Unaudited)
JUNE 30, 2017

	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	$ 13,726,408	$ 13,726,408	$ -	$ -	$ -	$ -	$ -	$ -
Short-term investments	22,565,496	22,565,496	-	-	-	-	-	-
Property taxes receivable, net	1,446,544	1,446,544	-	-	-	-	-	-
State appropriations receivable	6,832,034	5,759,512	-	-	-	1,072,522	-	-
Accounts receivable, net	3,104,673	2,934,107	-	-	136,873	-	32,493	1,200
Federal and state grants receivable	1,225,826	-	-	-	-	1,225,826	-	-
Inventories	134,348	110,647	-	-	23,701		-	-
Prepaid expenses and other assets	1,863,192	1,300,109	-	-	274,673		134,813	153,598
Due from (due to) other funds	-	(21,989,683)	-	1,636,905	3,422,509	442,205	16,092,598	395,465
Due from Component Unit	23,364	-	-	-	-	23,364	-	-
Total current assets	**50,921,884**	**25,853,139**	**-**	**1,636,905**	**3,857,756**	**2,763,917**	**16,259,903**	**550,264**
Noncurrent assets								
Long-term investments	8,211,410	8,211,410	-	-	-	-	-	-
Capital assets not being depreciated	19,493,873	-	-	-	-	-	19,493,873	-
Capital assets being depreciated, net	181,301,910	-	-	-	-	-	181,301,910	-
Total noncurrent assets	**209,007,192**	**8,211,410**	**-**	**-**	**-**	**-**	**200,795,783**	**-**
Total assets	**259,929,076**	**34,064,548**	**-**	**1,636,905**	**3,857,756**	**2,763,917**	**217,055,686**	**550,264**
Deferred outflows of resources								
Deferred charge on bond refunding	831,639	-	-	-	-	-	831,639	-
Deferred pension amounts	19,460,975	-	19,460,975	-	-	-	-	-
Total deferred outflows of resources	**20,292,614**	**-**	**19,460,975**	**-**	**-**	**-**	**831,639**	**-**
Liabilities								
Current liabilities								
Accounts payable	4,539,141	1,596,982	-	-	98,111	1,832,493	751,935	259,619
Accrued payroll and other compensation	6,983,918	6,693,273	-	-	-	-	-	290,645
Accrued vacation	1,744,836	1,744,836	-	-	-	-	-	-
Accrued interest payable	420,228	-	-	-	-	-	420,228	-
Unearned revenue	3,438,610	2,513,694	-	-	1,409	923,507	-	-
Current portion of debt obligations	3,875,000	-	-	-	-	-	3,875,000	-
Total current liabilities	**21,001,733**	**12,548,786**	**-**	**-**	**99,521**	**2,756,000**	**5,047,163**	**550,264**
Noncurrent liabilities								
Long-term debt obligations, net of current portion	64,790,095	-	-	-	-	-	64,790,095	-
Net pension liability	139,408,096	-	139,408,096	-	-	-	-	-
Total noncurrent liabilities	**204,198,191**	**-**	**139,408,096**	**-**	**-**	**-**	**64,790,095**	**-**
Total liabilities	**225,199,924**	**12,548,786**	**139,408,096**	**-**	**99,521**	**2,756,000**	**69,837,258**	**550,264**
Deferred inflows of resources								
Deferred pension amounts	**6,914,210**	**-**	**6,914,210**	**-**	**-**	**-**	**-**	**-**
Net position (deficit)								
Net investment in capital assets	132,962,327	-	-	-	-	-	132,962,327	-
Restricted:								
Restricted fund activities	7,917	-	-	-	-	7,917	-	-
Unrestricted (deficit)	(84,862,688)	21,515,763	(126,861,331)	1,636,905	3,758,236	-	15,087,741	-
Total net position (deficit)	**$ 48,107,556**	**$ 21,515,763**	**$ (126,861,331)**	**$ 1,636,905**	**$ 3,758,236**	**$ 7,917**	**$ 148,050,067**	**$ -**

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 REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (Unaudited)
YEAR ENDED JUNE 30, 2017

	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 $18,629,081)	$ 30,405,367	$ (18,629,081)	$ 47,626,000	$ -	$ (4,871)	$ 1,412,337	$ 982	$ -
Federal grants and contracts	3,352,561	-	-	-	-	-	3,352,561	-
State grants and contracts	2,039,964	-	-	-	-	-	2,039,964	-
Local grants and contracts	3,243,550	-	1,555,579	-	-	-	1,687,971	-
Sales and services of educational activities	22,323	-	16,358	-	-	-	-	5,965
Sales and services of auxiliary activities	1,280,918	-	-	-	-	1,280,918	-	-
Job Training Programs	408,793	-	-	-	-	-	408,793	-
Miscellaneous	3,184,897	-	1,769,697	-	-	429,808	515,528	469,864
Total operating revenues	**43,938,373**	**(18,629,081)**	**50,967,634**	**-**	**(4,871)**	**3,123,063**	**8,005,799**	**475,829**
Operating expenses								
Instruction	41,302,810	-	42,763,097	(2,073,111)	15,211	14,555	583,058	-
Public services	2,703,721	-	766,795	(89,283)	-	19,661	2,006,548	-
Instructional support	20,565,407	-	17,374,537	(831,081)	18,665	67,601	2,808,116	1,127,569
Student services	13,235,947	(18,629,081)	13,398,585	(505,658)	-	3,674	18,968,427	-
Institutional administration	21,387,848	-	13,903,991	(422,633)	(3,376)	1,585,644	6,323,494	728
Operation and maintenance of plant	15,925,653	-	11,879,688	(250,326)	-	872,262	24,646	3,399,383
Depreciation	8,643,040	-	-	-	-	-	-	8,643,040
Total operating expenses	**123,764,426**	**(18,629,081)**	**100,086,693**	**(4,172,092)**	**30,500**	**2,563,397**	**30,714,289**	**13,170,720**
Operating (loss) income	**(79,826,053)**	**-**	**(49,119,059)**	**4,172,092**	**(35,371)**	**559,666**	**(22,708,490)**	**(12,694,891)**
Nonoperating revenues (expenses)								
State appropriations	33,317,442	-	32,464,347	(5,045,776)	-	-	5,898,871	-
Property tax levy	39,910,486	-	39,910,486	-	-	-	-	-
Pell Grant revenue	15,980,057	-	-	-	-	-	15,980,057	-
Investment return and other gains	178,180	-	176,550	-	-		-	1,630
Interest on capital asset - related debt	(2,747,508)	-	-	-	-	-	-	(2,747,508)
Net nonoperating revenues (expenses)	**86,638,657**	**-**	**72,551,383**	**(5,045,776)**	**-**	**-**	**21,878,928**	**(2,745,878)**
Other revenues								
State capital grants	4,400,299	-	-	-	-	-	-	4,400,299
Capital gifts	202,518	-	-	-	-	-	202,518	-
Total other revenues	**4,602,817**	**-**	**-**	**-**	**-**	**-**	**202,518**	**4,400,299**
Increase (decrease) in net position	**11,415,421**	**-**	**23,432,324**	**(873,684)**	**(35,371)**	**559,666**	**(627,044)**	**(11,040,470)**
Transfers in (out)	-	-	(21,791,757)	-	101,042	(271,215)	634,962	21,326,968
Change in net position	**11,415,421**	**-**	**1,640,567**	**(873,684)**	**65,671**	**288,451**	**7,918**	**10,286,498**
Net position (deficit), beginning of year	36,692,135	-	19,875,195	(125,987,647)	1,571,233	3,469,786	-	137,763,568
Net position (deficit), end of year	**$ 48,107,556**	**$ -**	**$ 21,515,762**	**$ (126,861,331)**	**$ 1,636,904**	**$ 3,758,237**	**$ 7,918**	**$ 148,050,066**

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	1,989,818	-	-	-	-	-	1,989,818	-
Local grants and contracts	3,372,026	-	1,601,500	-	-	-	1,770,526	-
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	2,888,170	-	2,122,707	-	-	542,721	112,798	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	47,019,899	-	43,009,175	1,930,650	-	17,429	2,062,645	-
Public services	1,911,608	-	1,298,936	41,020	-	16,817	554,835	-
Instructional support	26,570,255	-	20,432,864	760,360	543,415	31,825	3,428,052	1,373,738
Student services	13,322,730	(21,154,787)	12,721,845	416,512	-	3,343	21,335,817	-
Institutional administration	20,696,479	-	12,727,153	434,932	25,840	1,252,502	6,256,051	-
Operation and maintenance of plant	18,600,704	-	12,016,160	221,892	-	1,208,337	74,512	5,079,803
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**