LANSING COMMUNITY COLLEGE

Lansing, Michigan

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2018 and June 30, 2017

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LANSING COMMUNITY COLLEGE
Lansing, Michigan

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Years Ended June 30, 2018 and June 30, 2017

Prepared by:
Financial Services Division

Donald L. Wilske
Chief Financial Officer

Lisa L. Mazure
Controller

Megan L. Garrett
Assistant Controller

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LANSING COMMUNITY COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017

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LANSING COMMUNITY COLLEGE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017

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SPECIAL REPORTS SECTION (UNAUDITED)

Introductory Section

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October 8, 2018

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, 2018 and June 30, 2017, 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 are 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, LLC, Certified Public Accountants, have issued an unmodified (clean) opinion on Lansing Community College's financial statements for the years ended June 30, 2018 and 2017. 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 November 2017, the Board of Trustees adopted the Strategic Plan 2017-2020. The plan sets the institution's direction for the next three years and is integrated into the College's planning and budgeting processes to support student success and institutional growth. The key focus areas remain consistent with the previous plan, with the exception of combining Engaged Learning and Student Success. The key focus areas are: Engaged Learning and Student Success; Leadership, Culture and Communication; Community Engagement; Competitiveness and Innovation; and Resource Management and Fiscal Responsibility. In January and February of 2018, strategic planning sessions were held with College staff and Board members to brainstorm potential projects for the current and future years.

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. The College completed the *Build Forward* project and established the Center for Manufacturing Excellence (CME) in fiscal year 2017. In fiscal year 2018 the Board of Trustees approved a new Strategic Capital Budget, including funding for the renovation of the Teaching and Learning Center, the Health and Human Services building, and West Campus. Tax-exempt bonds were issued in December 2017 to finance these projects.

We have remained flexible to provide services efficiently while maintaining our commitment to students. We are encouraged by the continued dedication of our employees 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 19,000 college-credit students each year, and has over 600 full-time and over 1,400 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 the 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, and the Aviation Maintenance Center at the Mason-Jewett Airport in Mason. Effective June 30, 2018, the College closed the North Campus in St. Johns. In addition, there are learning centers in 11 different 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 1,400 online/hybrid sections per year, or approximately 32.6% 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				
	2017	**2016**	**2015**	**2014**	**2013**
Enrollment					
College (unduplicated head count)	12,882	13,583	14,851	16,031	17,562
Full-time Equivalents	7,461	7,920	8,500	9,250	10,245
Total Credit Hours	117,655	123,341	133,493	143,330	163,466

FINANCIAL PLANNING

In-District tuition was increased by $4 per billing hour for fiscal year 2018, continuing the increased level of service to promote student success begun in fiscal year 2017, when in-district tuition was increased by $11 per billing hour. The tuition increase provided an estimated $1.8 million for additional staffing for Academic Success coaches and expanded tutoring services. Tuition increased by $3 per billing hour in fiscal year 2016, and $2 per billing hour in fiscal years 2015, 2014, and 2013. With tuition and fees accounting for 39.7% 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 declining revenue.

LCC is well positioned to attract a diverse group of students, with its fiscal year 2019 $105 in-district per billing hour rate well below the state average rate of community college in-district tuition at $114. 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 partnerships at 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.

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 2.5133 mils in 2017.

Capital Projects

In fiscal year 2016 Lansing Community College began work to modify and expand overall learning space at West Campus for the 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, allowing 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, the Board of Trustees issued a $12.0 million bond to finance capital projects to support the Strategic Capital Budget projects. 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.

MICHIGAN'S ECONOMIC OUTLOOK

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 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 1.8% gain in 2017.

Forecast Summary

During 2018, both the U.S. and Michigan economies are expected to expand at a moderately faster rate than during 2017. Although both the U.S. and Michigan economies are forecast to exhibit both income and employment growth during 2018 and later years, 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, a growing Federal fiscal stimulus, and stronger business investment in 2018 and 2019 that will more than offset slowing residential investment and exports, and the drag on the economy from increased imports.

Employment gains over the forecast period will be muted, particularly compared with prior recoveries, because, while productivity growth is expected to be less than what was exhibited during the last decade, consumer demand is not likely to grow much more rapidly than productivity.

Prospects for the Future

The Michigan economy, as measured by inflation-adjusted personal income, is estimated to grow 1.6% in 2018, 2.2% in 2019, and 2.3% in 2020, after rising 0.5% in 2017. Wage and salary employment is predicted to continue growing, increasing 1.1% in 2018, 0.7% in 2019, and 0.8% in 2020, compared to 1.2% growth during 2017.

State of Michigan FY 2018-19 Revised Revenue Estimate

- General Fund/General Purpose (GF/GP) and School Aid Fund (SAF) revenue is expected to total $24.0 billion. The revenue increase in FY 2018-19 reflects continued growth in sales tax and individual income tax collections offset by increased refunds and the first year of the earmark of income tax revenue to the Michigan Transportation Fund and increased Homestead Property Tax Credit payments included in the 2015 transportation package.

State of Michigan FY 2019-20 Revised Revenue Estimate

- GF/GP and SAF revenue is expected to total $24.6 billion in FY 2019-20. The revenue increase in FY 2019-20 reflects Michigan economic activity growing at a faster rate than in FY 2018-19, but much of the impact on revenue will be offset by the second year of General Fund reductions under the transportation package enacted in 2015. The change in the Homestead Property Tax Credit will reduce General Fund income tax collections by an estimated $205.8 million and the General Fund also will be reduced by the $325.0 million earmark of General Fund income tax revenue for the Michigan Transportation fund in FY 2019-20.

Source: MICHIGAN'S ECONOMIC OUTLOOK AND BUDGET REVIEW - FY 2017-18, FY 2018-19, and FY 2019-20 May 14, 2018 Senate Fiscal Agency, State of Michigan

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, 2017. 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 nine 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 eight consecutive years, from 2010 to 2017. In fiscal year 2018, the GFOA established a specific budget award program for community colleges, the Award for Best Practices in Community College Budgeting. LCC submitted its budget for consideration of the award, which is currently under review. In this review, budget processes are evaluated based on a number of criteria that focus on alignment of resources towards student achievement focusing on collaboration, communication, and rigorous development, evaluation, and prioritization of strategies to achieve a college’s goal and objectives.

LCC has received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the GFOA for the fiscal year ended June 30, 2017. 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 seven consecutive years.

LCC’s Purchasing Department is the recipient of the 2018 Annual Achievement of Excellence in Procurement Award. Lansing Community College has received the award for sixteen consecutive years and is one of only two agencies in Michigan and one of only 27 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
Executive Vice President

LANSING COMMUNITY COLLEGE

PRINCIPAL OFFICIALS

Year Ended June 30, 2018

BOARD OF TRUSTEES

OFFICERS OF THE COLLEGE

Brent Knight	President
Lisa Webb Sharpe	Executive Vice President
Elaine Pogoncheff	Provost/Senior Vice President of Academic Affairs
Donald L. Wilske	Chief Financial Officer

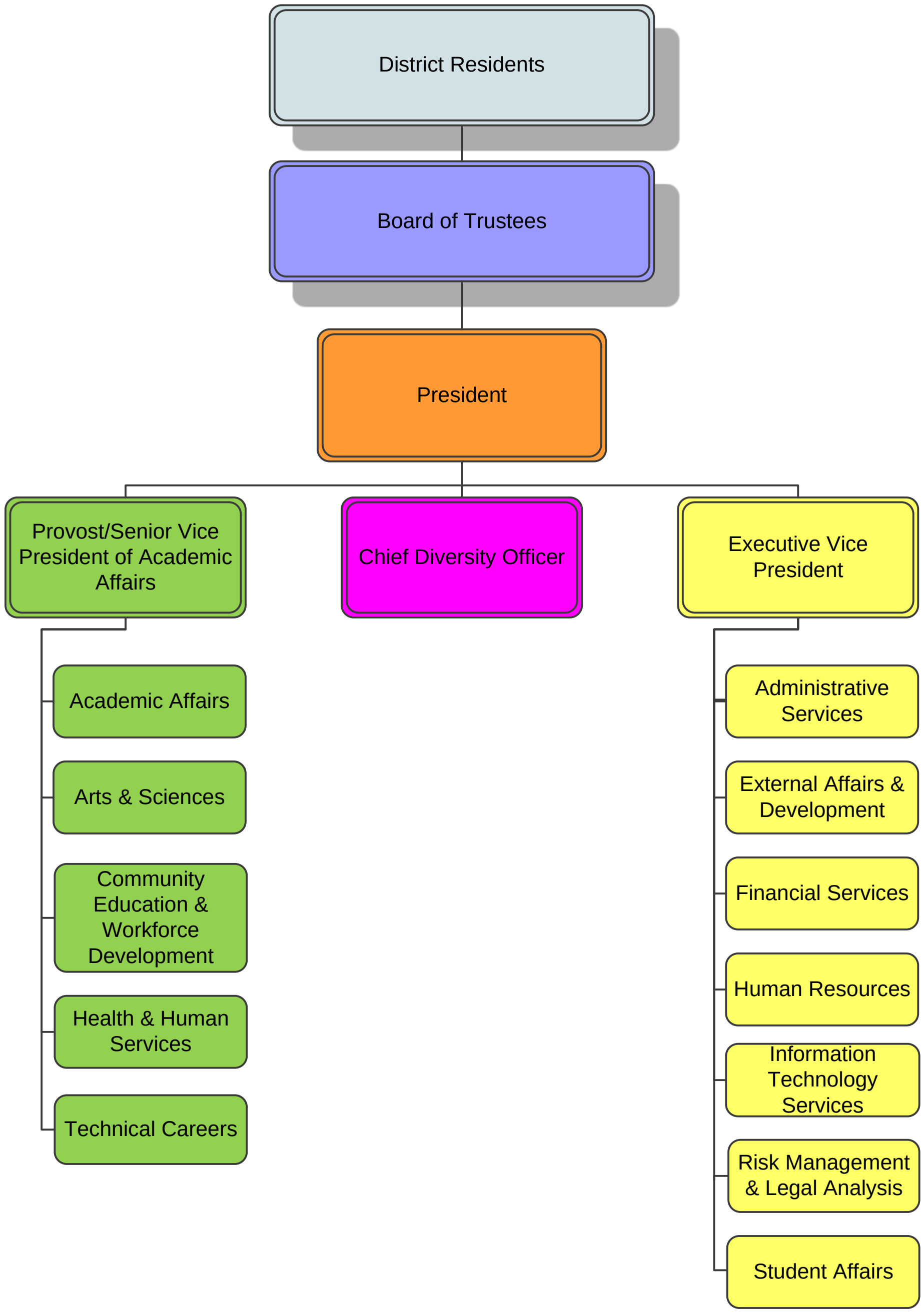
OFFICIALS ISSUING REPORT

Lisa Webb Sharpe	Executive Vice President
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, 2017

Christopher P. Morrill

Executive Director/CEO

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Financial Section

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Rehmann

Rehmann Robson

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INDEPENDENT AUDITORS' REPORT

October 8, 2018

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, 2018 and 2017, 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, 2018 and 2017, 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.

Implementation of GASB Statement No. 75

As described in Notes 1 and 7, the College implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. Accordingly, beginning net position of business-type activities as of July 1, 2017 was restated. Application of this new standard to July 1, 2016, the earliest year presented, is not practical as complete information is not available. Our opinion is not modified with respect to this matter.

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 and other postemployment benefits plans, 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.

Other 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 8, 2018 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, 2018 AND 2017

The discussion and analysis of Lansing Community College's (College) financial statements provides an overview of the College's financial activities for the years ended June 30, 2018 and 2017. Management has prepared the fiscal 2018 and 2017 financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

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

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

Component Unit

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

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

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

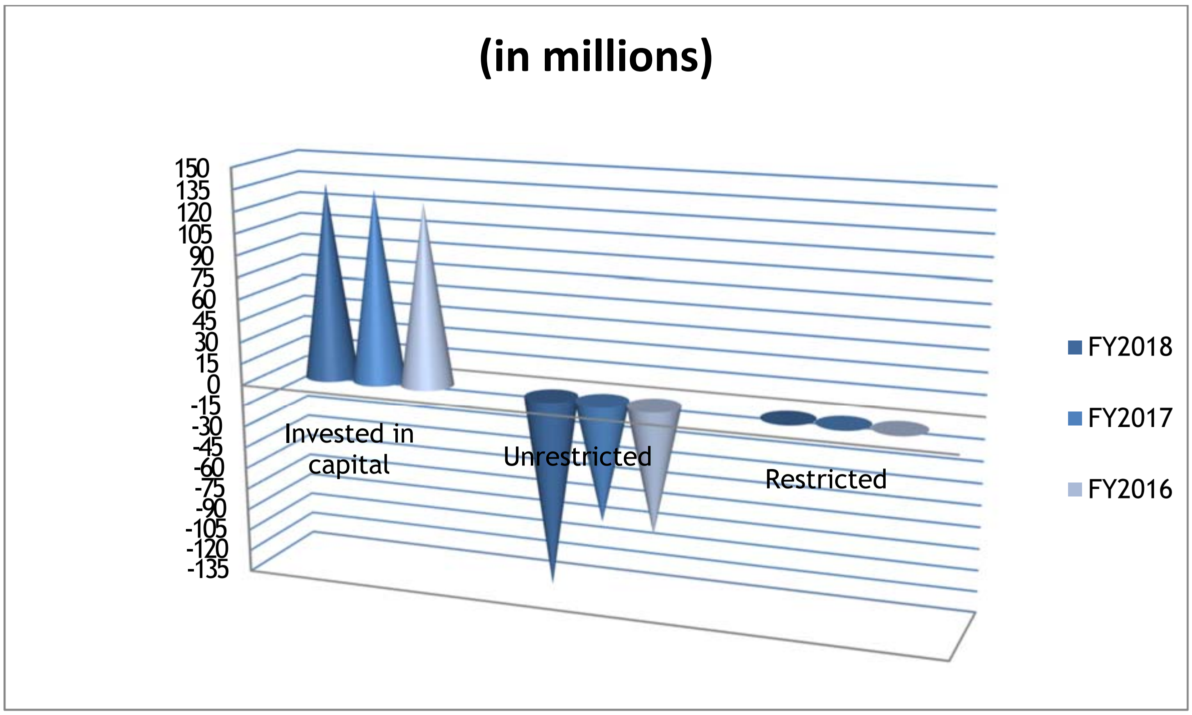
Financial Highlights

The College's financial position declined during the fiscal year ended June 30, 2018, with a $47.2 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 $47.2 million, while net position invested in capital assets increased by $2.2 million due to the capitalization of building and renovation projects. Unrestricted net position decreased by $49.6 million, from ($84.9) to ($134.5) million primarily as a result of the recording of the College's share of the Michigan Public School Employees Retirement System (MPSERS) long-term net other postemployment benefits liability as required by GASB Statement 75, *Accounting And Financial Reporting For Postemployment Benefits Other Than Pensions*. While the implementation of GASB 75 impacted total net position, it did not have any impact on the College's cash flows or operating budgets.

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.

Total Net Position



<u>Statements of Net Position and Revenues, Expenses, and Changes in Net Position</u>

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**

	2018	2017	Increase (Decrease) 2018-2017	2016	Increase (Decrease) 2017-2016
Current assets	$ 58.9	$ 50.9	$ 8.0	$ 49.6	$ 1.3
Non-current assets					
Capital assets, net of depreciation	199.4	200.8	(1.4)	200.7	0.1
Other	13.9	8.2	5.7	5.1	3.1
Total non-current assets	213.3	209.0	4.3	205.8	3.2
Total assets	272.3	259.9	12.3	255.4	4.5
Deferred outflows of resources	36.2	20.3	15.9	15.0	5.3
Current liabilities	24.7	21.0	3.7	24.5	(3.5)
Long-term liabilities	73.2	64.8	8.4	69.2	(4.4)
Net pension liability	141.9	139.4	2.5	134.6	4.8
Net other postemployment benefits liability	48.7	-	48.7	-	-
Total liabilities	288.5	225.2	63.3	228.3	(3.1)
Deferred inflows of resources	19.1	6.9	12.2	5.4	1.5
Net position					
Net investment in capital assets	135.2	133.0	2.2	126.4	6.6
Restricted	0.2	-	0.2	-	-
Unrestricted	(134.5)	(84.9)	(49.6)	(89.7)	4.8
Total net position	$ 0.9	$ 48.1	$ (47.2)	$ 36.7	$ 11.4

Fiscal Year 2018 Compared to 2017

The College increased its current assets by $8.0 million primarily due to moving long-term investments to short-term positions at June 30, 2018 compared to June 30, 2017. Current liabilities increased $3.7 million due primarily to the timing of year-end receipts of vendor invoices for goods and services received during fiscal year 2018. Long-term liabilities increased $8.4 million due to the December 2017 issuance of $12 million in bonds offset by $4.3 million in principal payments on outstanding bond issues. The College net position decreased by $47.2 million. This is primarily attributed to recording the restatement of beginning net position of $47.4 million related to the implementation of GASB 75 as analyzed above in the *Financial Highlights* Section.

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.

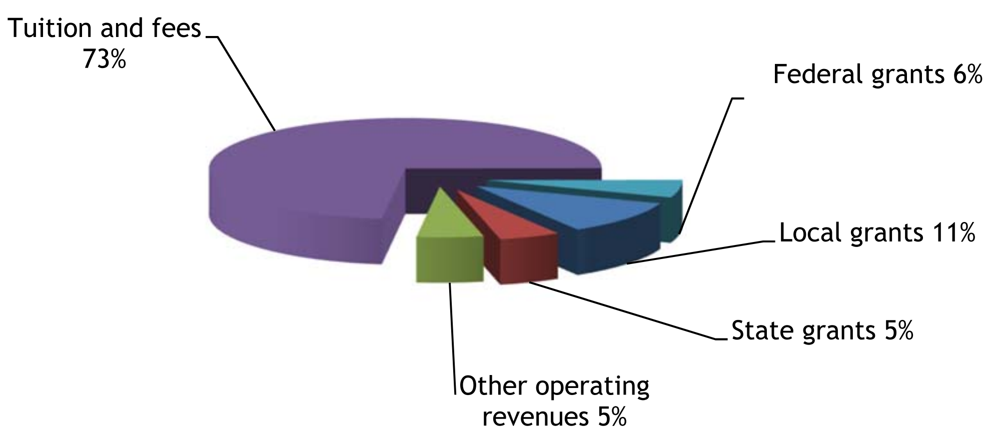
Operating Results *(in millions)* **for the Years Ended June 30:**

	2018	2017	Increase (Decrease) 2018-2017	2016	Increase (Decrease) 2017-2016
Operating revenues:					
Tuition and fees (net of scholarship allowances)	$ 31.1	$ 30.4	$ 0.7	$ 27.2	$ 3.2
Federal grants and contracts	2.4	3.4	(1.0)	3.6	(0.2)
State grants and contracts	2.1	2.0	0.1	2.0	-
Local grants and contracts	4.6	3.2	1.4	3.4	(0.2)
Sales and services of educational activities	-	-	-	0.1	(0.1)
Sales and services of auxiliary activities	0.2	1.3	(1.1)	1.2	0.1
Miscellaneous	2.2	3.6	(1.4)	4.0	(0.4)
Total operating revenues	42.6	43.9	(1.3)	41.5	2.4
Operating expenses:					
Instruction	37.3	36.5	0.8	47.0	(10.5)
Information technology	12.3	10.4	1.9	-	10.4
Public services	2.8	2.7	0.1	1.9	0.8
Instructional support	16.5	17.5	(1.0)	26.6	(9.1)
Student services	17.4	11.8	5.6	13.3	(1.5)
Institutional administration	19.8	20.3	(0.5)	20.7	(0.4)
Operation and maintenance of plant	16.0	15.9	0.1	18.6	(2.7)
Depreciation	10.1	8.6	1.5	7.8	0.8
Total operating expenses	132.1	123.7	8.5	135.9	(12.2)
Operating loss	(89.5)	(79.8)	(9.8)	(94.4)	14.6
Nonoperating revenues (expenses):					
State appropriations	33.8	33.3	0.5	33.8	(0.5)
Property tax levy	41.0	39.9	1.1	39.2	0.7
Pell Grant revenue	16.5	16.0	0.5	18.7	(2.7)
Other nonoperating expenses - net	(2.1)	(2.6)	0.5	(3.4)	0.8
Net nonoperating revenues	89.1	86.6	2.6	88.3	(1.7)
Change in net position before other revenues	(0.4)	6.8	(7.2)	(6.1)	12.9
Other revenues:					
State capital grants	0.6	4.4	(3.8)	-	4.4
Capital gifts	-	0.2	(0.2)	0.1	0.1
Total other revenues	0.6	4.6	4.5	0.1	4.5
Change in net position	0.2	11.4	(11.2)	(6.0)	17.4
Net position - beginning of year	48.1	36.7	11.4	42.7	(6.0)
Implementation of GASB 75	(47.4)	-	(47.4)	-	-
Adjusted net position - beginning of year	0.7	36.7	(36.0)	42.7	(6.0)
Net position- end of year	$ 0.9	$ 48.1	$ (47.2)	$ 36.7	$ 11.4

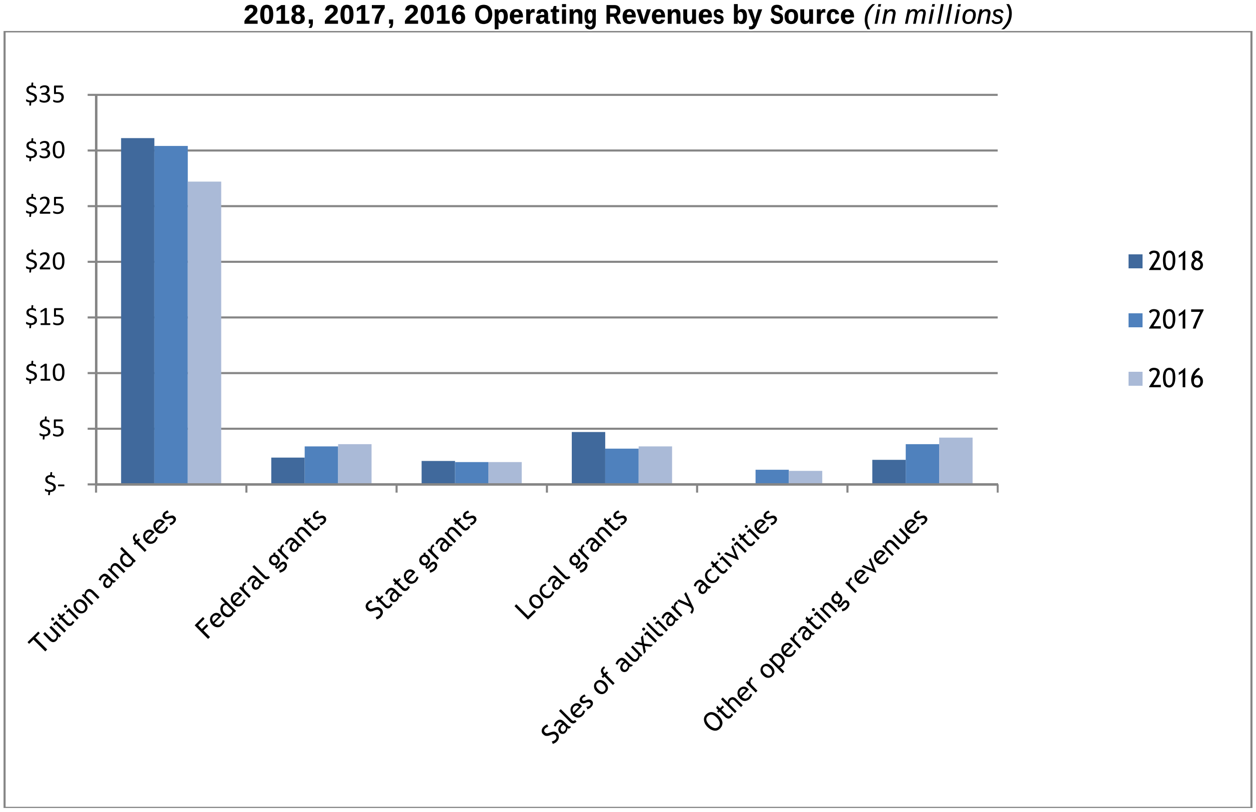
Operating Revenues

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

2018 Operating Revenues by Source



2018, 2017, 2016 Operating Revenues by Source *(in millions)*



Operating Revenues

Fiscal Year 2018 Compared to 2017

Operating revenue changes were the result of the following factors:

- Tuition and fee revenue increased by $0.7 million. The increase is attributable to an increase in tuition rates offset by a slight decline in enrollment and a change in classification from miscellaneous revenue to tuition and fees related to training revenue provided by the Business & Community Institute.
- Federal grants and contracts decreased by $1.0 million primarily due to the completion of the TAA grants.
- Local grants increased $1.4 million primarily due to an increase in High School Advantage and Regional Education Agency contracted classes and the change in funding source from State to local for the mental health grant.
- Auxiliary revenue decreased $1.1 million due to a change in the contract model and resulting decrease in revenue for the Early Learning Children's Community and the closing of the College's spirit shop.
- Miscellaneous revenue decreased $1.4 million primarily due to the change in classification for Business & Community Institute discussed above.

Fiscal Year 2017 Compared to 2016

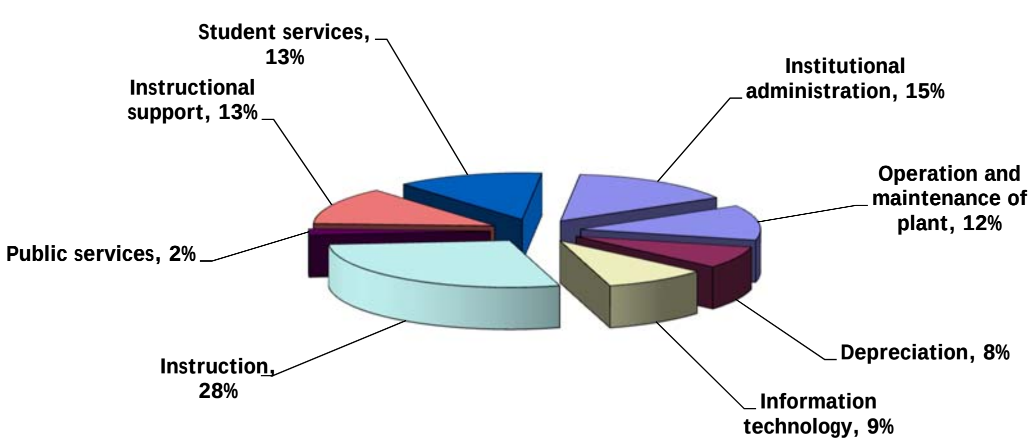
Operating revenue changes were primarily the result of the following factors:

- 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.

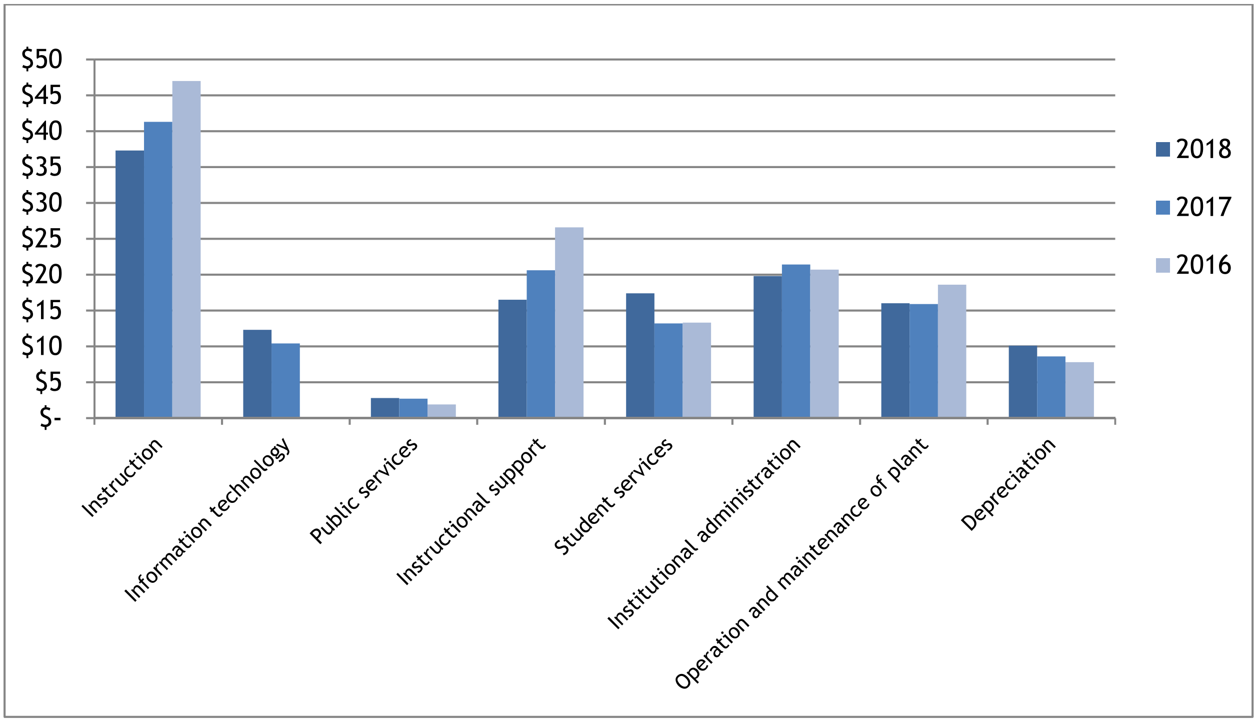
Operating Expenses

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

2018 Operating Expenses



2018, 2017, 2016 Operating Expenses by Function *(in millions)*



Fiscal Year 2018 Compared to 2017

Total operating expenses increased $8.5 million. This increase included increases of $11.6 million in operating expenses in the General, Designated, Expendable Restricted, and Plant funds offset by decreases of $3.0 million in the Pension and OPEB Liabilities and Auxiliary Funds. The decrease in pension expenses was the result of the changes in the long-term liabilities for net pension and other postemployment benefits expense. The decrease in auxiliary expenses were due to the change in contract model for the Early Learning Children's Community and closing of the College's spirit shop. The increases are due primarily to an increase in information technology computer equipment purchases; increases in the course offerings within the Community Education and Workforce Development division resulting in increased instruction support expenses; and, increases for salaries and related benefits for student services as a result of the student success initiative being fully implemented. The remaining large increase is primarily due to a $3.4 million in contingent liability expenses recognized in relation to the Department of Education academic 2010-11 program review and the expected amount related to the Office of Retirement Services review of student employees.

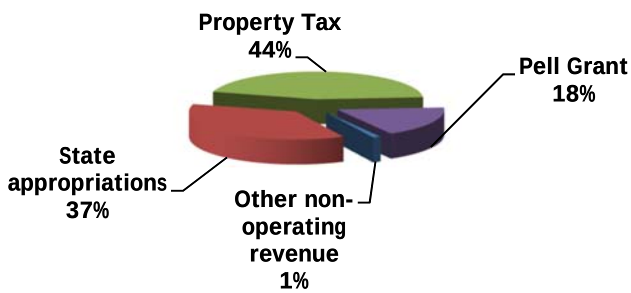
Fiscal Year 2017 Compared to 2016

Total operating expenses decreased $12.3 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.

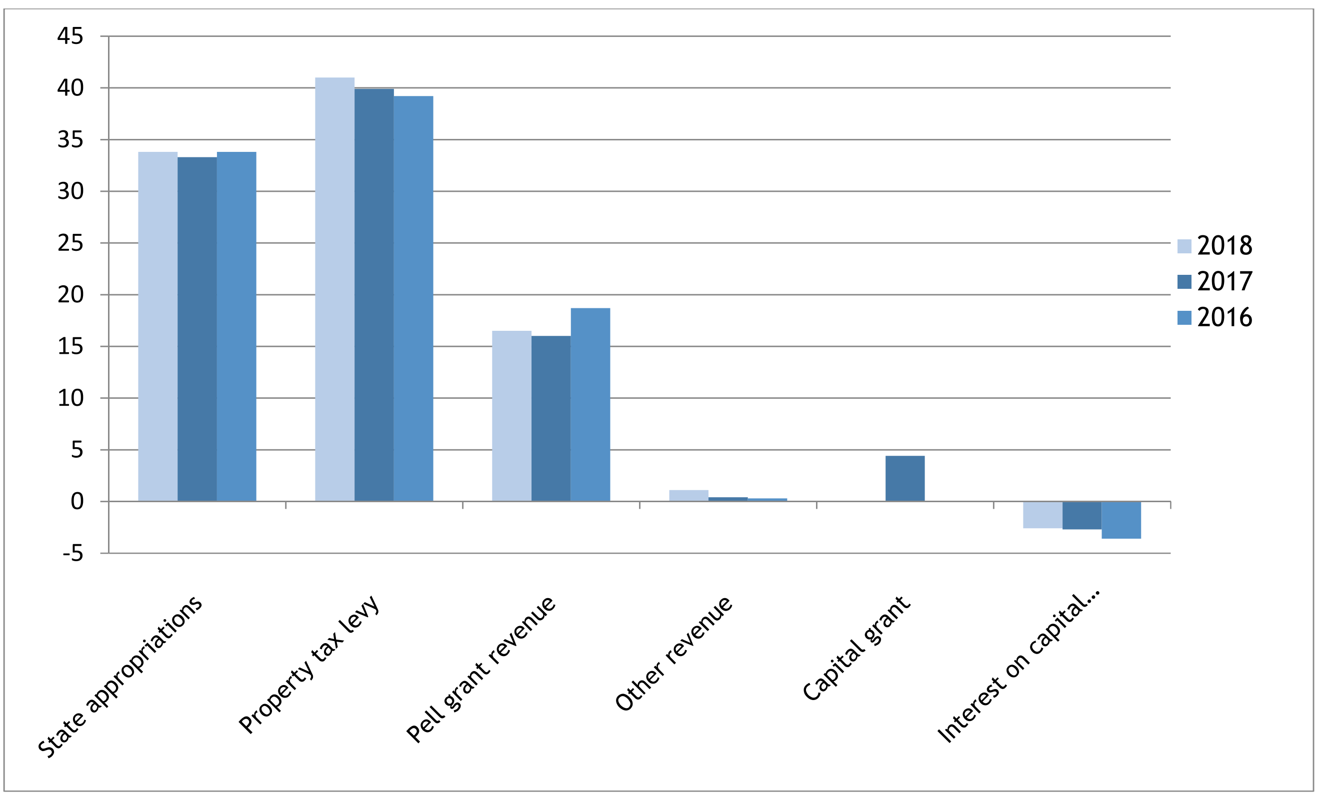
Non-Operating Revenues

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

2018 Non-Operating & Other Revenue



2018, 2017, 2016 Net Non-Operating Revenue *(in millions)*



Fiscal Year 2018 Compared to 2017

Total net non-operating revenues decreased $1.6 million primarily due to an increase in property tax revenue offset by a decrease in capital appropriations due to the completion of the Community College Skilled Trades Equipment Grant.

Fiscal Year 2017 Compared to 2016

Changes in net 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.

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:

	2018	2017	Increase (Decrease) 2018-2017	2016	Increase (Decrease) 2017-2016
Cash provided (used) by:					
Operating activities	$ (76.5)	$ (69.4)	$ (7.1)	$ (78.1)	$ 8.7
Noncapital financing activities	91.8	87.9	3.9	91.6	(3.7)
Capital and related financing activities	(2.6)	(13.0)	10.4	(17.9)	4.9
Investing activities	(12.9)	(2.9)	(10.0)	3.1	(6.0)
Net increase (decrease) in cash	(0.2)	2.6	(2.8)	(1.3)	3.9
Cash, beginning of year	13.7	11.1	2.6	12.4	(1.3)
Cash, end of year	$ 13.5	$ 13.7	$ (0.2)	$ 11.1	$ 2.6

Fiscal Year 2018 Compared to 2017

The College's cash and cash equivalents decreased by $0.2 million during 2018 due to a number of offsetting factors in each of the following 4 categories:

- Operating Activities used $7.1 million more due primarily to an increase in payment to employees offset by decreases to payments to suppliers and students and decreases in receipts from tuition and fees, grants, auxiliary charges.
- Noncapital Financing Activities received $3.9 million more due primarily to higher property tax receipts.
- Capital and Related Financing Activities received $10.4 million more due primarily to the issuance of bonds offset by lower principal payments in FY 2018 and lower revenue due to completion of the Community College Skilled Trades Equipment Program (CCSTEP) grant.
- Investing Activities used $10.0 million more due to purchase of investments with bond proceeds.

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 CCSTEP.
- Investing Activities received $6.0 million less due to purchase of new investments exceeding liquidation of held investments.

Capital Assets and Debt Administration

Capital Assets

Fiscal Year 2018 Compared to 2017

As of June 30, 2018, the College had $362.2 million invested in capital assets, net of accumulated depreciation of $162.8 million, resulting in $199.4 million in net capital assets. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. The total decrease in the College's net capital assets for the 2018 fiscal year is $1.4 million. Annual depreciation for fiscal 2018 was $10.1 million, which was offset by additions of $8.7 million.

Significant additions include bond related building projects for the Health and Human Services building and the West Campus building and furniture and equipment.

Details of these assets at net book value for 2018, 2017, and 2016 are shown below (in millions):

	2018	2017	Increase (Decrease) 2018-2017	2016	Increase (Decrease) 2017-2016
Land	$ 15.1	$ 14.8	$ 0.3	$ 14.8	$ -
Buildings and improvements	247.8	240.9	6.9	222.2	18.7
Furniture, fixtures and equipment	92.7	88.6	4.1	81.2	7.4
Infrastructure and land improvements	5.0	4.9	0.1	4.8	0.1
Construction in progress	1.6	4.7	(3.1)	22.6	(17.9)
Total property and equipment	362.2	353.9	8.3	345.6	8.3
Less accumulated depreciation	162.8	153.1	9.7	144.9	8.2
Property and equipment, net	**$ 199.4**	**$ 200.8**	**$ (1.4)**	**$ 200.7**	**$ 0.1**

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 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.

Debt

At year end, the College had $77.3 million in outstanding debt including four outstanding bond issues. The December 2017 bond issue refunded a portion of the 2012 bonds and included new funding for approved capital projects. The remaining 2012 bond issue will be paid off in May of 2032. The 2015 refunding bonds issued in May 2016 were to pay off the 2006 bond issue. The 2016 refunding bonds issued in May 2017 were to pay off the 2007 bond issue. Both the 2015 and 2016 refunding bonds will be paid off in May 2026.

	2018	2017	Increase (Decrease) 2018-2017	2016	Increase (Decrease) 2017-2016
2005 building & site bonds	$ -	$ -	$ -	$ 4.0	$ (4.0)
2007 general obligation bonds	-	-	-	0.4	(0.4)
2012 building & site bonds (including premium)	33.9	54.4	(20.5)	56.0	(1.6)
2015 refunding bonds	6.1	6.8	(0.7)	7.4	(0.6)
2016 refunding bonds	6.8	7.5	(0.7)	7.6	(0.1)
2017 building & site bonds (including premium)	30.5	-	30.5	-	-
Total long-term debt	77.3	68.7	8.6	75.4	(6.7)
Less current portion of long-term debt	(4.1)	(3.9)	(0.2)	(6.1)	2.2
Long-term debt, net of current portion	$ 73.2	$ 64.8	$ 8.4	$ 69.3	$ (4.5)

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 2018 was only the second year that the College received appropriation above the level of 2012 for operations.

During 2018 Michigan is expected to expand at a moderately faster rate than during 2017. Although the economy is forecast to exhibit both income and employment growth, 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, a growing Federal fiscal stimulus, and stronger business investment in 2018 and 2019 that will more than offset slowing residential investment and exports, and the drag on the economy from increased imports. Employment gains over the forecast period will be muted, particularly compared with prior recoveries, because, while productivity growth is expected to be less than what was exhibited during the last decade, consumer demand is not likely to grow much more rapidly than productivity.

Property tax revenue to the College increased again in 2018. 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 colleges are currently receiving personal property tax replacement disbursements from the State’s Local Community Stabilization Authority. The College received $808 thousand in fiscal year 2018, however the continued funding from this Authority is formula based and new personal property placed in service by a business is not subject to the calculation and, accordingly, 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, 2018 and 2017 as a percentage of payroll ranged from 32.28 to 38.48 percent and 32.66 to 36.64 percent, respectively. The rates for the upcoming fiscal year range from 33.17 to 39.37 percent.

The College budgets approximately $51.7 million in salaries and wages for employees who participate in MPSERS, therefore, each 1% increase in contribution rate equates to approximately $517,000 more in retirement contribution costs.

The College anticipates an increase in benefit costs in Fiscal Year 2019 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 Financial Services, Lansing Community College, 309 N. Washington Square, Suite 203, Lansing, Michigan 48933.

LANSING COMMUNITY COLLEGE

STATEMENTS OF NET POSITION
JUNE 30, 2018 AND JUNE 30, 2017

	Primary Government Lansing Community College		Component Unit Lansing Community College Foundation	
Assets	**2018**	**2017**	**2018**	**2017**
Current assets				
Cash and cash equivalents	$ 11,779,096	$ 13,726,408	$ 221,334	$ 195,401
Short-term investments	31,963,912	22,565,496	18,556	(27,278)
Property taxes receivable, net	697,744	1,446,544	-	-
State appropriations receivable	6,966,500	6,832,034	-	-
Accounts receivable, net	3,530,275	3,104,673	1,461,912	681,000
Federal and state grants receivable	1,867,800	1,225,826	-	-
Inventories	96,703	134,348	-	-
Prepaid expenses and other assets	1,991,127	1,863,192	13,272	-
Due from component unit	17,055	23,364	-	-
Total current assets	**58,910,211**	**50,921,884**	**1,715,074**	**849,123**
Noncurrent assets				
Restricted cash - unspent bond proceeds	1,759,663	-	-	-
Restricted short-term investments - unspent bond proceeds	9,033,755	-	-	-
Long-term investments	3,119,926	8,211,410	11,847,715	10,892,751
Capital assets not being depreciated	16,743,021	19,493,873	-	-
Capital assets being depreciated, net	182,687,143	181,301,910	-	-
Total noncurrent assets	**213,343,508**	**209,007,192**	**11,847,715**	**10,892,751**
Total assets	**272,253,719**	**259,929,076**	**13,562,789**	**11,741,874**
Deferred outflows of resources				
Deferred charge on refunding	2,300,622	831,639	-	-
Deferred pension and OPEB amounts (Note 7)	33,928,655	19,460,975	-	-
Total deferred outflows of resources	**36,229,277**	**20,292,614**	**-**	**-**
Liabilities				
Current liabilities				
Accounts payable	7,741,160	4,539,141	2,625	57,266
Due to primary government	-	-	17,055	23,364
Accrued payroll and other compensation	6,987,266	6,983,918	-	-
Accrued vacation	1,664,060	1,744,836	-	-
Accrued interest payable	462,835	420,228	-	-
Unearned revenue	3,728,060	3,438,610	-	-
Current portion of debt obligations	4,120,000	3,875,000	-	-
Total current liabilities	**24,703,382**	**21,001,733**	**19,680**	**80,630**
Noncurrent liabilities				
Long-term debt obligations, net of current portion	73,217,199	64,790,095	-	-
Net pension liability (Note 7)	141,871,522	139,408,096	-	-
Net other postemployment benefits liability (Note 7)	48,713,989	-	-	-
Total noncurrent liabilities	**263,802,710**	**204,198,191**	**-**	**-**
Total liabilities	**288,506,092**	**225,199,924**	**19,680**	**80,630**
Deferred inflows of resources				
Deferred pension and OPEB amounts (Note 7)	**19,076,653**	**6,914,210**	**-**	**-**
Net position				
Net investment in capital assets	135,187,005	132,962,327	-	-
Restricted:				
Restricted for restricted fund activities	199,611	7,917	-	-
Nonexpendable - permanently restricted	-	-	9,581,778	7,992,391
Expendable - temporarily restricted	-	-	3,772,329	3,517,547
Unrestricted (deficit) (Note 9)	(134,486,365)	(84,862,688)	189,002	151,306
Total net position	**$ 900,251**	**$ 48,107,556**	**$ 13,543,109**	**$ 11,661,244**

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017

	Primary Government Lansing Community College		Component Unit Lansing Community College Foundation	
	2018	2017	2018	2017
Operating revenues				
Tuition and fees (net of scholarship allowances of $18,887,532 and $18,629,081 in 2018 and 2017, respectively)	$ 31,112,089	$ 30,405,367	$ -	$ -
Federal grants and contracts	2,413,388	3,352,561	-	-
State grants and contracts	2,149,369	2,039,964	-	-
Local grants and contracts	4,618,048	3,243,550	-	-
Sales and services of educational activities	12,170	22,323	-	-
Sales and services of auxiliary activities	136,280	1,280,918	-	-
Job training programs	213,399	408,793	-	-
Miscellaneous	1,973,231	3,184,897	-	-
Total operating revenues	**42,627,974**	**43,938,373**	**-**	**-**
Operating expenses				
Instruction	37,305,679	36,462,526	-	-
Information technology	12,258,907	10,434,439	-	-
Public services	2,754,459	2,703,721	-	-
Instructional support	16,502,356	17,547,370	-	-
Student services	17,352,582	11,782,303	-	-
Institutional administration	19,835,166	20,265,334	-	-
Operation and maintenance of plant	16,044,964	15,925,694	-	-
Depreciation	10,090,635	8,643,040	-	-
Foundation operations and fundraising	-	-	687,785	794,815
Total operating expenses	**132,144,748**	**123,764,426**	**687,785**	**794,815**
Operating loss	**(89,516,774)**	**(79,826,053)**	**(687,785)**	**(794,815)**
Nonoperating revenues (expenses)				
State appropriations	33,759,671	33,317,442	-	-
Property tax levy	40,983,811	39,910,486	-	-
Pell Grant revenue	16,461,261	15,980,057	-	-
Investment return and other gains	498,034	178,180	722,626	1,126,382
Interest on capital asset-related debt	(2,624,545)	(2,747,508)	-	-
Gifts	-	-	1,101,434	1,394,304
Payments to primary government	-	-	(827,384)	(1,083,406)
Net nonoperating revenues	**89,078,232**	**86,638,657**	**996,676**	**1,437,280**
Change in net position before other revenues	**(438,542)**	**6,812,604**	**308,891**	**642,465**
Other revenues				
State capital grants	599,701	4,400,299	-	-
Capital gifts	-	202,518	-	-
Additions to permanent endowment funds	-	-	1,572,974	944,001
Total other revenues	**599,701**	**4,602,817**	**1,572,974**	**944,001**
Change in net position	**161,159**	**11,415,421**	**1,881,865**	**1,586,466**
Net position, beginning of year	48,107,556	36,692,135	11,661,244	10,074,778
Implementation of GASB 75 (Notes 1 and 7)	(47,368,464)	-	-	-
Adjusted net position, beginning of year	**739,092**	**36,692,135**	**11,661,244**	**10,074,778**
Net position, end of year	**$ 900,251**	**$ 48,107,556**	**$ 13,543,109**	**$ 11,661,244**

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

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017

	Primary Government Lansing Community College 2018	2017
Cash flows from operating activities		
Tuition and fees	$ 30,982,245	$ 32,075,805
Grants and contracts	8,538,831	9,559,038
Payments to suppliers and students	(33,497,560)	(34,395,582)
Payments to or on behalf of employees	(86,601,839)	(83,106,843)
Educational enterprise charges	12,170	22,323
Auxiliary enterprise charges	397,923	1,562,929
Other	3,636,463	4,952,900
Net cash used in operating activities	**(76,531,767)**	**(69,329,430)**
Cash flows from noncapital financing activities		
Local property taxes	41,732,611	38,751,068
Pell Grant receipts	16,461,261	15,980,057
William D. Ford direct lending receipts	16,205,454	18,612,449
William D. Ford direct lending disbursements	(16,205,454)	(18,612,449)
State scholarship and grant receipts	2,056,101	1,915,019
State scholarship and grant disbursements	(2,056,101)	(1,915,019)
State appropriations	33,625,205	33,198,706
Net cash provided by noncapital financing activities	**91,819,077**	**87,929,831**
Cash flows from capital and related financing activities		
Purchase of capital assets	(8,748,390)	(8,723,092)
State capital grants	599,701	4,400,299
Principal paid on capital debt and other noncurrent obligations	(4,310,000)	(6,115,000)
Proceeds from sales of capital assets	80,967	17,000
Capital gifts	-	202,518
Discount on bonds	-	10,047
Proceeds from bond refunding and bond issuance	12,384,948	-
Interest paid on capital asset-related debt	(2,581,937)	(2,792,741)
Net cash used in capital and related financing activities	**(2,574,711)**	**(13,000,969)**
Cash flows from investing activities		
Proceeds from sales and maturities of investments	33,832,709	12,274,193
Interest on investments	135,403	30,556
Purchases of investments	(46,868,360)	(15,239,744)
Net cash used in investing activities	**(12,900,248)**	**(2,934,995)**
Net (decrease) increase in cash and cash equivalents	**(187,649)**	**2,664,437**
Cash and cash equivalents, beginning of year	13,726,408	11,061,971
Cash and cash equivalents, end of year	**$ 13,538,759**	**$ 13,726,408**
Reconciliation to Statements of Net Position:		
Cash and cash equivalents	$ 11,779,096	$ 13,726,408
Restricted cash - unspent bond proceeds	1,759,663	-
Cash and cash equivalents, end of year	**$ 13,538,759**	**$ 13,726,408**

LANSING COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS (Concluded)
YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017

	Primary Government Lansing Community College	
	2018	2017
Reconciliation of operating loss		
to net cash used in operating activities		
Operating loss	$ (89,516,774)	$ (79,826,053)
Adjustments to reconcile operating loss to net cash		
used in operating activities		
Depreciation	10,090,635	8,643,040
Amortization of bond premium	(1,553,856)	(593,810)
Amortization of loss on refunding	682,029	166,328
(Increase) decrease in operating assets:		
Accounts receivable, net	(419,294)	1,649,411
Federal and state grants receivable	(641,974)	922,963
Inventories	37,646	43,687
Prepaid expenses and other current assets	(127,935)	(57,170)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	3,202,019	(1,164,816)
Accrued payroll and other compensation	3,348	(136,686)
Accrued vacation	(80,775)	128,966
Unearned revenue	289,450	21,027
Change in net pension and OPEB liability and deferred amounts	1,503,714	873,684
Net cash used in operating activities	**$ (76,531,767)**	**$ (69,329,430)**

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 (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, 2018 and 2017, the Foundation distributed $827,384 and $1,083,406, 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, 2018 and June 30, 2017 were in the form of Insured Cash Sweep Account (ICS), Certificate of Deposit Account Registry Service (CDARS), Certificates of Deposit (CD), and the Michigan Liquid Asset Fund Plus (MILAF). All of these types of investments 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 or 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 buildings/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 and OPEB 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 and OPEB 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. Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB 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.

M. 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 2018 summer semester began May 24, 2018 and ended August 15, 2018. The 2017 summer semester began May 15, 2017 and ended August 15, 2017.

N. 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, 2018 and 2017, the College levied 3.8072 mills per $1,000 of assessed valuation for general operations.

O. State Appropriations Revenue

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

P. 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.

Q. 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, 2018 and 2017 is classified as a current liability in the accompanying statements of net position.

R. 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.

S. 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.

T. 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 and OPEB liabilities, and deferred outflows and inflows related to pension and OPEB amounts.

U. Reclassification

Certain amounts as reported in the 2017 financial statements have been reclassified to conform with the 2018 presentation.

V. 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.

W. New Accounting Pronouncement

As of July 1, 2017, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement requires that the College recognize a net Other Postemployment Benefits (OPEB) liability in 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. More detailed information can be found in Note 7. As a result of this change, the College recognized a net OPEB liability of $51,382,466 and deferred outflows of resources of $4,014,002, which resulted in a decrease in net position of $47,368,464 as of July 1, 2017. Application of this new standard to July 1, 2016, the earliest year presented, is not practical as complete information is not available.

2. DEPOSITS AND INVESTMENTS

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

	2018	2017
Cash and cash equivalents	$ 11,779,096	$ 13,726,408
Restricted cash	1,759,663	-
Short-term investments:		
Insured Cash Sweep (ICS) Account	5,173,354	10,543,679
Certificate of Deposit Account Registry Service (CDARS)	19,732,929	12,021,817
Certificates of Deposit (CDs)	4,057,629	-
Michigan Liquid Asset Fund Plus (MILAF)	3,000,000	-
Restricted investments:		
CDs	4,020,713	-
MILAF	5,013,042	-
Long-term investments (CDARS)	3,119,926	8,211,410
	$ 57,656,352	**$ 44,503,314**

The College did not hold any investment securities as of June 30, 2018 or 2017.

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:

2018	Less Than One Year	One to Five Years	Total
ICS	$ 5,173,354	$ -	$ 5,173,354
CDARS	19,732,929	3,119,926	22,852,855
CDs	8,078,342	-	8,078,342
MILAF	8,013,042	-	8,013,042
	$ 40,997,667	**$ 3,119,926**	**$ 44,117,593**

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

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, 2018, $15,091,384 of the College's bank balance of $58,568,128 was uninsured or uncollateralized. At June 30, 2017, $0 of the College's bank balance of $45,262,832 was uninsured or uncollateralized. The College does have over $10,000,000 at one institution as of June 30, 2018 and 2017. 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:

	2018	2017
Property taxes receivable	$ 1,696,428	$ 2,600,674
Less allowance for doubtful collection	(998,684)	(1,154,130)
Property taxes receivable, net	**$ 697,744**	**$ 1,446,544**

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

	2018	2017
Accounts receivable	$ 20,836,888	$ 21,838,073
Less allowance for doubtful collection	(17,306,613)	(18,733,400)
Accounts receivable, net	**$ 3,530,275**	**$ 3,104,673**

4. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2018 and 2017 follows:

	Beginning Balance July 1, 2017	Additions	Deletions	Transfers	Ending Balance June 30, 2018
Assets not being depreciated:					
Land	$ 14,824,146	$ 323,715	$ -	$ -	$ 15,147,861
Construction in progress	4,669,727	5,739,653	-	(8,814,220)	1,595,160
Total capital assets not being depreciated	19,493,873	6,063,368	-	(8,814,220)	16,743,021
Capital assets being depreciated:					
Buildings and improvements	240,879,096	-	-	6.939.494	247,818,590
Furniture and equipment	88,574,481	2,627,403	(396,700)	1,874,726	92,679,910
Infrastructure and improvements	4,933,337	57,618	-	-	4,990,955
Total capital assets being depreciated	334,386,914	2,685,021	(396,700)	8,814,220	345,489,455
Less accumulated depreciation:					
Buildings and improvements	79,434,632	5,289,410	-	-	84,724,042
Furniture and equipment	70,012,086	4,603,907	(373,326)	-	74,242,667
Infrastructure and improvements	3,638,286	197,317	-	-	3,835,603
Total accumulated depreciation	153,085,004	10,090,634	(373,326)	-	162,802,312
Capital assets being depreciated, net	181,301,910	(7,405,613)	(23,374)	8,814,220	182,687,143
Capital assets, net	**$ 200,795,783**	**$ (1,342,245)**	**$ (23,374)**	**$ -**	**$ 199,430,164**

	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**

As of June 30, 2018, construction in progress reflected amounts expended for the HHS Mechanical System/Chiller upgrade and the update to the West Campus HVAC, projects which were not yet completed as of June 30, 2018. As of June 30, 2018, the College had approximately $1,355,000 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:

	2018	2017
Gift cards	$ 1,240	$ 1,409
Student tuition and fees	3,045,514	2,513,694
Restricted funds	681,306	923,507
Total	**$ 3,728,060**	**$ 3,438,610**

6. LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	$ 68,665,095	$ 31,215,960	$ 22,543,856	$ 77,337,199	$ 4,120,000

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

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

	2018	2017
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% (partially refunded during fiscal 2017)	$ 28,605,000	$ 47,715,000
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%	6,100,000	6,755,000
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%	6,750,000	7,540,000
2017 building and site and refunding bonds original balance of $27,545,000, due in installments of $85,000 to $4,435,000 through May 1, 2037 plus interest at 3.0% to 5.0%	27,110,000	-

	2018	2017
Plus: premium on bonds	$ 8,772,199	$ 6,655,095
Total long-term debt obligations	**$ 77,337,199**	**$ 68,665,095**

Scheduled principal and interest requirements of debt obligations for years succeeding June 30, 2018 are summarized are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$ 4,120,000	$ 2,777,012	$ 6,897,012
2020	4,255,000	2,640,186	6,895,186
2021	3,725,000	2,471,964	6,196,964
2022	3,845,000	2,351,542	6,196,542
2023	3,990,000	2,208,941	6,198,941
2024-2028	22,090,000	8,693,887	30,783,887
2029-2033	22,020,000	3,594,761	25,614,761
2034-2037	4,520,000	398,714	4,918,714
	68,565,000	25,137,007	93,702,007
Premium on bonds	8,772,199	-	8,772,199
Total as of June 30, 2018	**$ 77,337,199**	**$ 25,137,007**	**$ 102,474,206**

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**

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, 2018 and 2017 was $2,624,545 and $2,747,508, respectively.

Bond Defeasance

During fiscal year 2018, Lansing Community College advance refunded $16,680,000 of 2012 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 $16,680,000 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 $1,404,788 and an economic gain of $900,005.

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 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's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office 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 the ORS website at www.michigan.gov/orsschools.

Pension 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.

Other Postemployment Benefits Provided. Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions. 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 actuarial accrued liability as of the September 30, 2016 valuation will be amortized over a 22-year period for the 2017 fiscal year.

The table below summarizes pension contribution rates in effect for fiscal year 2018, inclusive of the MPSERS UAAL Stabilization rates:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	27.56% - 29.21%
Member Investment Plan (MIP)	3.00% - 7.00%	27.56% – 29.21%
Pension Plus	3.00% - 6.40%	26.93% – 29.93%
Pension Plus 2	6.20%	31.06%
Defined Contribution	0.00%	23.80% – 24.86%

Required contributions to the pension plan from the College were $15,209,331, $13,710,723 and $11,176,120 for the years ended June 30, 2018, 2017 and 2016, respectively.

The table below summarizes OPEB contribution rates in effect for fiscal year 2018:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	7.67% - 9.08%
Personal Healthcare Fund (PHF)	0.00%	7.42% - 8.86%

Required contributions to the OPEB plan from the College were $3,508,061, $4,727,035 and $4,819,040 for the years ended June 30, 2018, 2017 and 2016, respectively.

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

At June 30, 2018 and 2017, the College reported a liability of $141,871,522 and $139,408,096, respectively, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2016 and 2015, 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, 2017, the College's proportion was 0.54747%, which was a decrease of 0.01130% from its proportion measured as of September 30, 2016 of 0.55877%.

For the year ended June 30, 2018, the College recognized pension expense of $13,918,000. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2018	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Changes in assumptions	$ 15,543,153	$ -	$ 15,543,153
Differences between expected and actual experience	1,232,960	696,134	536,826
Change in proportion and differences between employer contributions and proportionate share	1,064,464	3,141,586	(2,077,122)
Net difference between projected and actual earnings on pension plan investments	-	6,782,392	(6,782,392)
	17,840,577	10,620,112	7,220,465
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	6,809,653	(6,809,653)
College contributions subsequent to the measurement date	13,211,667	-	13,211,667
Total	**$ 31,052,244**	**$ 17,429,765**	**$ 13,622,479**

The $13,211,667 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, 2019. The $6,809,653 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, 2019. Other amounts reported 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
2019	$ 1,797,056
2020	4,302,183
2021	1,731,781
2022	(610,555)
Total	**$ 7,220,465**

For the year ended June 30, 2017, the College recognized 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
Changes in assumptions	$ 2,179,536	$ -	$ 2,179,536
Differences between expected and actual experience	1,737,393	330,401	1,406,992
Change in proportion and differences between employer contribution and proportionate share	1,471,820	1,538,032	(66,212)
Net difference between projected and actual earnings on pension plan investments	2,316,962	-	2,316,962
	7,705,711	1,868,433	5,837,278
Pension portion of Sec 147c state aid award subsequent to the measurement date	-	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**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the College reported a liability of $48,713,989 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2016. The College's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2017, the College's proportion was 0.55010%.

For the year ended June 30, 2018, the College recognized OPEB expense of $3,262,000. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 518,661	$ (518,661)
Net difference between projected and actual earnings on OPEB plan investments	-	1,128,227	(1,128,227)
Changes in proportion and differences between employer contributions and proportionate share of contributions	16,641	-	16,641
	16,641	1,646,888	(1,630,247)
College contributions subsequent to the measurement date	2,859,770	-	2,859,770
Total	**$ 2,876,411**	**$ 1,646,888**	**$ 1,229,523**

The $2,859,770 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended June 30	Amount
2019	$ (394,225)
2020	(394,225)
2021	(394,225)
2022	(394,225)
2023	(53,227)
Total	**$ (1,630,247)**

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 and OPEB liabilities in the September 30, 2016 and 2015 actuarial valuations were 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)	7.5% (8.0% for 2015)
Pension Plus plan (hybrid)	7.0%
OPEB plans	7.5%
Cost of living adjustments	3.0% annual, non-compounded for MIP members
Healthcare cost trend rate	7.5% Year 1 graded to 3.5% Year 12
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.

Other OPEB assumptions:	
OPT out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those. hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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, 2017 and 2016, is based on the results of an actuarial valuation date of September 30, 2016 and 2015, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.5188 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 5.4744 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Long-Term Expected Return on Plan Assets. The long-term expected rate of return on pension and OPEB 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 and OPEB plans' target asset allocation as of September 30, 2017 and 2016, are summarized in the following tables:

2017 **Asset Class**	**Target Allocation**	**Long-Term Expected Real Rate of Return**	**Expected Money-Weighted Rate of Return**
Domestic equity pools	28.00 %	5.60 %	1.56 %
Alternative investment pools	18.00	8.70	1.57
International equity	16.00	7.20	1.15
Fixed income pools	10.50	-0.10	-0.01
Real estate and infrastructure pools	10.00	4.20	0.42
Absolute return pools	15.50	5.00	0.78
Short-term investment pools	2.00	-0.90	-0.02
			5.45 %
	100.00 %		
Inflation			2.05
Investment rate of return			**7.50 %**

2016 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 7.5% and 8.0% were used to measure the total pension and OPEB liabilities (7.0% for the Pension Plus plan, a hybrid plan provided through non-university employers only) as of September 30, 2017 and 2016, respectively. This discount rate was based on the long term expected rate of return on pension and OPEB plan investments of 7.5% and 8.0% (7.0% for the Pension Plus plan) as of September 30, 2017 and 2016, respectively. 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 and OPEB 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 and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of the College's Proportionate Share of Net Pension Liability to Changes in the Discount Rate. The following presents the College's proportionate share of net pension liability as of June 30, 2018, calculated using the discount rate of 7.5% (7.0% for the Hybrid Plan), as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of net pension liability (2018)	$ 184,811,406	$ 141,871,522	$ 105,718,875

The following presents the College's proportionate share of net pension liability as of June 30, 2017, calculated using the discount rate of 8.0% (7.0% for the Hybrid Plan), as well as what the College's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
College's proportionate share of net pension liability (2017)	$ 179,522,538	$ 139,408,096	$ 105,587,765

Sensitivity of College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. The following presents the College's proportionate share of the net OPEB liability as of June 30, 2018, calculated using the discount rate of 7.5%, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net OPEB liability	$ 57,058,160	$ 48,713,989	$ 41,632,400

Sensitivity of College's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the College's proportionate share of the net OPEB liability calculated using the assumed trend rates, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage higher:

	1% Decrease (6.5%)	Current Healthcare Cost Trend Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net OPEB liability	$ 41,254,200	$ 48,713,989	$ 57,184,059

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 8.0% to 7.5% 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 and OPEB Plans Fiduciary Net Position. Detailed information about the pension and OPEB 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, 2018, the College reported a payable of $1,352,276 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2018. As of 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.

Payable to the OPEB Plan. At June 30, 2018, the College reported a payable of $139,187 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2018.

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 150 and 134 participants at June 30, 2018 and 2017, 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, 2018 were $493,709 and $1,377,789, respectively. The participant and College contributions to ORP for the year ended June 30, 2017 were $439,337 and $1,226,057, respectively.

9. UNRESTRICTED NET DEFICIT

The components of the College's unrestricted net deficit at June 30 are as follows:

	2018	2017
Auxiliary activities	$ 2,058,825	$ 3,758,236
Encumbrances	865,242	1,156,330
Plant improvement	15,514,909	15,087,740
Pension and OPEB liabilities fund deficit	(175,733,509)	(126,861,331)
Board of Trustees Designated purposes	839,098	1,636,905
Undesignated	21,969,070	20,359,432
Total unrestricted net deficit	**$ (134,486,365)**	**$ (84,862,688)**

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 $1,173,898 and $1,141,048 for fiscal 2018 and 2017, respectively.

The following is a schedule of annual future minimum lease payments required under these non-cancelable operating leases as of June 30, 2018:

Year	Amount
2019	$ 1,094,181
2020	1,012,805
2021	318,405
2022	116,689
2023	58,189
2024-2028	290,947
2029-2033	234,863
2034-2038	76,845
Total minimum payments due	**$ 3,202,924**

NOTES TO FINANCIAL STATEMENTS

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 future audits, if any, may result in refunds to these governmental agencies. Any liabilities for reimbursements which may arise as the result of these future audits is not believed to be material.

During fiscal 2018, the Department of Education (DOE) issued its final determination in relation to its Financial Aid 2010-11 program review of the College. The College has appealed $1,889,746 in financial aid payments and related interest that the DOE has determined that should not have been paid to individual students. A liability for the full amount of the appeal was recorded as of June 30, 2018 as the College is unsure of the outcome of the appeal and the amount stated by the DOE is known and due if the appeal is denied. An additional $1,369,720 related to the DOE program review was expensed and paid to the DOE by the College during fiscal 2018.

The Office of Retirement Services requested that all community colleges submit a report by August 31, 2018 of student wages and related credit hours for the period July 1, 2014 through June 30, 2018. This report will be used by ORS to determine the amount of MPSERS contributions that should have been made on behalf of students who were not full-time students. The College reported and paid MPSERS contributions for reportable student workers beginning July 1, 2016. A liability of $682,527 was recorded as of June 30, 2018 for the employer contributions required based on the report submitted to the ORS for the students who were not full-time and had wages earned from July 1, 2014 through June 30, 2016.

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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			
	2018	2017	2016	2015
College's proportion of the net pension liability	$ 141,871,522	$ 139,408,096	$ 134,564,773	$ 123,194,232
College's proportionate share of the net pension liability	0.54747%	0.55877%	0.55093%	0.55930%
College's covered payroll	$ 45,891,363	$ 46,761,637	$ 45,514,783	$ 52,829,768
College's proportionate share of the net pension liability of its covered payroll as a percentage	309.15%	298.12%	295.65%	233.19%
Plan fiduciary net position as a percentage of the total pension liability	64.21%	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 Pension Contributions (Unaudited)

	Year Ended June 30			
	2018	2017	2016	2015
Contractually required contribution	$ 15,209,331	$ 13,710,723	$ 11,176,120	$ 14,585,927
Contributions in relation to the contractually required contribution	(15,209,331)	(13,710,723)	(11,176,120)	(14,585,927)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll	$ 47,024,894	$ 47,289,366	$ 46,159,222	$ 48,782,946
Contributions as a percentage of covered payroll	32.34%	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.

Required Supplementary Information
MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the College's Proportionate Share of the Net Other Postemployment Benefits Liability (Unaudited)

	Year Ended June 30, 2018
College's proportion of the net OPEB liability	$ 48,713,989
College's proportionate share of the net OPEB liability	0.55010%
College's covered payroll	$ 45,891,363
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	106.15%
Plan fiduciary net position as a percentage of the total OPEB liability	36.39%

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

Note: GASB 75 was implemented in fiscal year 2018. 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 the College's Other Postemployment Benefits Contributions (Unaudited)

	Year Ended June 30, 2018
Contractually required contribution	$ 3,508,061
Contributions in relation to the contractually required contribution	(3,508,061)
Contribution deficiency (excess)	$ -
College's covered payroll	$ 47,024,894
Contributions as a percentage of covered payroll	7.46%

Note: GASB 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Statistical Section

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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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OPERATING REVENUES										
Tuition and fees (net of scholarships allowances)	$ 31,112,089	$ 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
Federal grants and contracts	2,413,388	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
State grants and contracts (5)	2,149,369	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
Local grants and contracts (5)	4,618,048	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
Sales and services of educational activities (1)	12,170	22,323	153,547	280,068	401,923	361,835	1,207,875	1,274,118	1,352,067	1,644,901
Sales and services of auxiliary activities	136,280	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
Job Training Programs	213,399	408,793	1,145,395	369,171	484,437	-	-	-	-	-
Miscellaneous (5)	1,973,231	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
Total operating revenues	42,627,974	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
OPERATING EXPENSES										
Instruction (5)	37,305,679	36,462,526	47,019,899	45,539,843	47,495,410	48,827,540	48,921,597	47,627,872	46,403,697	46,654,529
Information technology (2)	12,258,907	10,434,438	-	-	-	-	-	-	-	-
Public services (5)	2,754,459	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
Instructional support (5)	16,502,356	17,547,370	26,570,255	23,323,896	21,917,746	22,020,718	21,545,150	21,211,978	22,386,779	22,732,391
Student services (1)(3)(5)	17,352,582	11,782,303	13,322,729	15,240,309	17,926,228	20,559,075	26,742,055	29,539,633	26,913,778	19,182,351
Institutional administration (1)(5)	19,835,166	20,265,334	20,696,479	18,125,659	16,630,435	12,999,388	12,029,791	11,679,996	11,245,916	14,026,044
Operation and maintenance of plant (1)(3)(5)	16,044,964	15,925,694	18,600,704	18,489,746	17,033,486	16,993,682	17,927,676	18,855,091	17,827,998	19,449,921
Depreciation expense	10,090,635	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
Total operating expenses	132,144,748	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
Operating loss	**(89,516,774)**	**(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)**
NONOPERATING REVENUES (EXPENSES)										
State appropriations	33,759,671	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
Property tax levy	40,983,811	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
Pell Grant revenue	16,461,261	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
Investment return and other gains	498,034	178,180	156,030	139,381	177,187	224,494	509,745	195,154	82,155	437,689
Interest on capital asset - related debt	(2,624,545)	(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)
Net nonoperating revenues	89,078,232	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
Change in net position before other revenues	(438,542)	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)
OTHER REVENUES										
State capital appropriations	-	-	-	-	9,366,050	-	-	-	-	1,092,736
State capital grants	599,701	4,400,299	-	-	-	-	-	-	-	-
Capital gifts	-	202,518	142,896	-	50,000	1,300,000	-	-	-	-
Total other revenues	599,701	4,602,817	142,896	-	9,416,050	1,300,000	-	-	-	1,092,736
Total change in net position	**161,159**	**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)**
NET POSITION, beginning of year	**48,107,556**	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
Implementation of GASB 68	-	-	-	(120,280,113)	-	-	-	-	-	-
Implementation of GASB 75	(47,368,464)	-	-	-	-	-	-	-	-	-
NET POSITION, beginning of year (4)	739,092	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
NET POSITION, end of year	**$ 900,251**	**$ 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**

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 2009 were reclassified to conform with the 2010 presentation.
In 2018, the State of Michigan reinstated the 2.0 Information Technology category. 2017 amounts were reclassified to conform with the 2018 presentation.

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

(4) Restated 2013 and 2017 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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net Position										
Net investment in capital assets	$135,187,005	$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
Restricted for:										
Restricted fund activities	199,611	7,917	-	152,940	-	-	171,618	171,618	171,618	171,618
Unrestricted	(134,486,365)	(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
Total Net Position	**$900,251**	**$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**

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

LANSING COMMUNITY COLLEGE
REVENUE CAPACITY
Major Taxpayers
2018 Levy Year vs. 2009 Levy Year
(Unaudited)

2018 Levy Year (1)					2009 Levy Year (2)				
2018 Taxpayer	**Type of Business**	**2018 Taxable Valuation**	**Rank (3)**	**Percentage of Total College District Taxable Valuation ($11,392,083,246)**	**2009 Taxpayer**	**Type of Business**	**2009 Taxable Valuation**	**Rank (3)**	**Percentage of Total College District Taxable Valuation ($11,434,729,014)**
Enbridge Energy LP	Oil & Gas Delivery/Storage	$178,106,031	1	1.56%	Consumers Energy	Utility	$112,441,372	1	1.40%
Consumers Energy Company	Utility	124,123,879	2	1.09%	Meijer	Retail	105,712,707	2	1.32%
Jackson National Life	Insurance	34,587,794	3	0.30%	General Motors Corporation*	Automotive	51,680,640	3	0.64%
Enbridge Pipelines (Toledo) Inc	Crude Oil Transportation	33,571,400	4	0.29%	Auto Owners Insurance	Insurance	41,538,521	4	0.52%
Meridian Mall LTD Partnership	Shopping Mall	32,178,637	5	0.28%	Jackson National Life	Insurance	33,738,583	5	0.42%
Retail Properties of America, Inc.	Retail Property Management	28,265,138	6	0.25%	Inland Western (Eastwood LLC)	Shopping Mall	33,561,151	6	0.42%
General Motors Company	Automotive	22,364,460	7	0.20%	Eyde LTD Family Partnership	Property Management	32,731,180	7	0.41%
C 150 2929 Hannah Lofts LLC	Property Management	20,997,066	8	0.18%	Dart Container Corporation**	Packaging Products	29,413,208	8	0.37%
Dart Container of Michigan LLC	Packaging Products	20,639,205	9	0.18%	Meridian Mall LTD Partnership	Shopping Mall	27,905,575	9	0.35%
Gestamp Mason LLC	Metal Heat Treating	7,866,472	10	0.07%	Gestamps US Hardtech Inc.***	Metal Heat Treating	2,750,945	10	0.03%

Source: (1) Ingham County Assessor, Ingham.org
(2) LCC FY2009 CAFR source Stauder, Barch & Associates, Inc.
** Not including IFT (Industrial Facilities Tax) Equivalent Value of $113,885,500*
*** Not including IFT (Industrial Facilities Tax) Equivalent Value of $449,600*
**** Not including IFT (Industrial Facilities Tax) Equivalent Value of $41,376,626*
(3) Ranking in terms of Ad Valorem Taxable Valuation

LANSING COMMUNITY COLLEGE

REVENUE CAPACITY

Assessed Value and Taxable Value of Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Taxable Valuation (1)	Tax Rates (per $1,000) of Valuation (1)	Taxes Levied	Collections through June 30 Each Year (2)	Percent of Taxes Levied Uncollected through June 30 Each Year
2018	$10,963,548,011	3.8072	$41,740,420	$40,709,394	2.47%
2017	10,614,700,749	3.8072	40,412,289	38,482,235	4.78%
2016	10,451,534,470	3.8072	39,791,082	38,639,111	2.90%
2015	10,131,872,904	3.8072	38,574,067	37,264,108	3.40%
2014	9,989,851,902	3.8072	38,033,364	36,654,758	3.62%
2013	10,068,843,104	3.8072	38,334,099	37,252,732	2.82%
2012	10,477,691,694	3.8072	39,890,668	38,652,739	3.10%
2011	10,863,291,527	3.8072	41,358,724	40,038,978	3.19%
2010	11,434,729,014	3.8072	43,534,300	41,441,780	4.81%
2009	11,394,316,077	3.8072	43,380,440	41,594,429	4.12%

(1) 2018 Millage Report to County Board of Commissioners

(2) Per LCC Controller Office

LANSING COMMUNITY COLLEGE

REVENUE CAPACITY

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Current Tax Collection	Percentage of the Levy	Collections in Subsequent Years	Total Tax Collection	Percentage of Levy
2018	$41,740,420	$40,709,394	97.53%	---	$40,709,394	97.53%
2017	40,412,289	38,482,235	95.22%	$1,309,543	39,791,778	98.46%
2016	39,791,082	38,639,111	97.10%	493,720	39,132,831	98.35%
2015	38,574,067	37,264,108	96.60%	984,136	38,248,244	99.16%
2014	38,033,364	36,654,758	96.38%	331,883	36,986,641	97.25%
2013	38,334,099	37,252,732	97.18%	357,495	37,610,227	98.11%
2012	39,890,668	38,652,739	96.90%	549,331	39,202,070	98.27%
2011	41,358,724	40,038,978	96.81%	439,995	40,478,973	97.87%
2010	43,534,300	41,441,780	95.19%	438,451	41,880,231	96.20%
2009	43,380,440	41,594,429	95.88%	958,221	42,552,650	98.09%

Source: Lansing Community College's 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)
2018	$10,963,548,011	$12,674,865,915	$1,901,229,887	$77,337,199	$0	$77,337,199	$1,823,892,688	$127,998,659	$50,661,460	----
2017	10,614,700,749	12,042,682,731	1,806,402,410	68,665,095	0	68,665,095	1,737,737,315	121,676,827	53,011,732	172
2016	10,451,534,470	11,493,211,119	1,723,981,668	75,363,858	0	75,363,858	1,648,617,810	116,182,111	40,818,253	190
2015	10,131,872,904	10,869,735,968	1,630,460,395	80,508,790	0	80,508,790	1,549,951,605	109,947,360	29,438,570	204
2014	9,989,851,902	10,597,803,080	1,589,670,462	86,310,907	99,848	86,410,755	1,503,259,707	107,228,031	20,817,276	220
2013	10,068,843,104	10,673,406,039	1,601,010,906	91,488,710	392,061	91,880,771	1,509,130,135	107,984,060	16,103,289	235
2012	10,477,691,694	11,367,915,808	1,705,187,371	51,428,711	673,970	52,102,681	1,653,084,690	114,929,158	62,826,477	134
2011	10,863,291,527	11,731,383,600	1,759,707,540	56,458,406	945,790	57,404,196	1,702,303,344	118,563,836	61,159,640	147
2010	11,434,729,014	12,863,353,645	1,929,503,047	61,298,381	1,207,882	62,506,263	1,866,996,784	129,883,536	67,377,273	161
2009	11,394,316,077	13,505,218,382	2,025,782,757	65,908,356	1,460,754	67,369,110	1,958,413,647	136,302,184	68,933,074	176

(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 2009-2013 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)
2018	----	----	----	3.90%
2017	399,213	----	----	4.30%
2016	397,211	$15,274,294	$38,865	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%

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
2018 Employers vs. 2009 Employers
(Unaudited)

2018 (1)

Employer	Product/Service	Rank	No. of Employees	% of Total District Population
State of Michigan	Government	1	14,390	3.60%
Michigan State University	Higher Education	2	12,781	3.20%
Sparrow Health System	Health Care	3	7,000	1.75%
Auto Owners Insurance	Insurance	4	3,700	0.93%
Lansing Community College	Education	5	3,200	0.80%
Ingham Regional Medical Center/McLaren	Health Care	6	3,000	0.75%
Lansing School District	Education	7	3,000	0.75%
General Motors Corporation	Automotive	8	2,614	0.65%
Peckham Industries	Textiles, Auto parts	9	2,510	0.63%
Meijer's, Inc.	Retail	10	2,000	0.50%

2009 (2)

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%
General Motors Corporation	Automotive	3	6,300	1.62%
Sparrow Health System	Health Care	4	6,000	1.55%
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:

(1) Ingham County December 31, 2017 CAFR

(2) LCC FY2009 CAFR source http://www.lansingchamber.org/regional_demographics1/largest_employers.html

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

Facilities Data	2018 (1)	2017	2016	2015	2014	2013	2012	2011	2010	2009
Size of campus (acres)	96.00	96.00	96.00	96.00	96.00	96.00	94.00	94.00	109.00	109.00
Square footage of gross building space (2)	1,895,612	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
Number of classrooms	136	136	136	136	136	136	132	130	136	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: 2007-2017 LCC Campus Master Plans

(1) FY18 Master Plan submitted to the state October 2017

(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)
2018 (3)	-----	-----	-----	-----	-----	$103.00	$206.00	$309.00	-----	-----
2017	8,971	23,353	84,841	16.7	269,131	99.00	198.00	297.00	$5,308	$47,621,129
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

Source: Fiscal Year's 2018 Michigan Community College Data Inventory (www.mischooldata.org/DistrictSchoolProfiles2/PostsecondaryDataInventory/PostsecondaryDataInventory.aspx)
Fiscal Year's 2017 and prior Activity Classification Structure Data (www.michigancc.net/ccdata/tuition/summary.aspx)
(1) One Fiscal Year Equated Student (FYES) equals 30 semester credit hours.
(2) Total tuition and fee revenue includes general and designated funds only.
(3) The MCCDI Report for June 30, 2018 is due November 1, 2018, 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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
ADMINISTRATOR FTE:	**198**	**169**	**162**	**163**	**224**	**142**	**171**	**176**	**171**	**169**
Full-Time	194	164	156	156	200	133	155	155	147	152
Part-Time	11	16	17	22	72	27	47	62	59	52
Calculated Part-Time FTE (1)	4	5	6	7	24	9	16	21	20	17
FACULTY FTE:	**626**	**645**	**647**	**697**	**725**	**778**	**865**	**816**	**826**	**825**
Full-Time	191	190	179	189	184	211	225	217	229	223
Part-Time	1305	1,364	1,404	1,524	1,624	1,700	1,919	1,786	1,781	1,796
Calculated Part-Time FTE (1)	435	455	468	508	541	567	640	599	597	602
SUPPORT FTE:	**286**	**287**	**270**	**260**	**204**	**286**	**275**	**257**	**283**	**257**
Full-Time	235	229	212	204	150	198	183	158	187	163
Part-Time	154	173	175	168	163	264	275	295	287	280
Calculated Part-Time FTE (1)	51	58	58	56	65	88	92	99	96	94
Actual total employees reported	2,090	2,136	2,143	2,263	2,393	2,533	2,804	2,673	2,690	2,666
TOTAL FTE (1)	1,110	1,101	1,079	1,120	1,153	1,206	1,311	1,249	1,281	1,252

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

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LANSING COMMUNITY COLLEGE
COMBINING STATEMENT OF NET POSITION (Unaudited)
JUNE 30, 2018

	Combined Total	General Fund	Pension and OPEB Liabilities Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds	Agency Funds
Assets								
Current assets								
Cash and cash equivalents	$ 11,779,096	$ 11,779,096	$ -	$ -	$ -	$ -	$ -	$ -
Short-term investments	31,963,912	31,963,912	-	-	-	-	-	-
Property taxes receivable, net	697,744	697,744	-	-	-	-	-	-
State appropriations receivable	6,966,500	5,930,000	-	-	-	1,036,500	-	-
Accounts receivable, net	3,530,275	3,386,808	-	-	124,770	-	18,697	-
Federal and state grants receivable	1,867,800	-	-	-	-	1,867,800	-	-
Inventories	96,703	96,703	-	-	-	-	-	-
Prepaid expenses and other assets	1,991,127	1,410,542	-	-	91,702	-	355,927	132,956
Due from (due to) other funds	-	(20,292,667)	-	839,098	1,921,237	(505,656)	16,841,820	1,196,168
Due from Component Unit	17,055	-	-	-	-	17,055	-	-
Total current assets	**58,910,211**	**34,972,138**	**-**	**839,098**	**2,137,708**	**2,415,699**	**17,216,445**	**1,329,124**
Noncurrent assets								
Restricted cash - unspent bond proceeds	1,759,663	-	-	-	-	-	1,759,663	-
Restricted short-term investments- unspent bond proceeds	9,033,755	-	-	-	-	-	9,033,755	-
Long-term investments	3,119,926	3,119,926	-	-	-	-	-	-
Capital assets not being depreciated	16,743,021	-	-	-	-	-	16,743,021	-
Capital assets being depreciated, net	182,687,143	-	-	-	-	-	182,687,143	-
Total noncurrent assets	**213,343,508**	**3,119,926**	**-**	**-**	**-**	**-**	**210,223,582**	**-**
Total assets	**272,253,719**	**38,092,064**	**-**	**839,098**	**2,137,708**	**2,415,699**	**227,440,027**	**1,329,124**
Deferred outflows of resources								
Deferred charge on bond refunding	2,300,622	-	-	-	-	-	2,300,622	-
Deferred pension and OPEB amounts	33,928,655	-	33,928,655	-	-	-	-	-
Total deferred outflows of resources	**36,229,277**	**-**	**33,928,655**	**-**	**-**	**-**	**2,300,622**	**-**
Liabilities								
Current liabilities								
Accounts payable	7,741,160	4,603,037	-	-	78,883	1,534,782	1,238,700	285,759
Accrued payroll and other compensation	6,987,266	5,943,901	-	-	-	-	-	1,043,365
Accrued vacation	1,664,060	1,664,060	-	-	-	-	-	-
Accrued interest payable	462,835	-	-	-	-	-	462,835	-
Unearned revenue	3,728,060	3,046,754	-	-	-	681,306	-	-
Current portion of debt obligations	4,120,000	-	-	-	-	-	4,120,000	-
Total current liabilities	**24,703,382**	**15,257,752**	**-**	**-**	**78,883**	**2,216,088**	**5,821,535**	**1,329,124**
Noncurrent liabilities								
Long-term debt obligations, net of current portion	73,217,199	-	-	-	-	-	73,217,199	-
Net pension liability	141,871,522	-	141,871,522	-	-	-	-	-
Net other postemployment benefits liability	48,713,989	-	48,713,989	-	-	-	-	-
Total noncurrent liabilities	**263,802,710**	**-**	**190,585,511**	**-**	**-**	**-**	**73,217,199**	**-**
Total liabilities	**288,506,092**	**15,257,752**	**190,585,511**	**-**	**78,883**	**2,216,088**	**79,038,734**	**1,329,124**
Deferred inflows of resources								
Deferred pension and OPEB amounts	**19,076,653**	**-**	**19,076,653**	**-**	**-**	**-**	**-**	**-**
Net position (deficit)								
Net investment in capital assets	135,187,005	-	-	-	-	-	135,187,005	-
Restricted:								
Restricted fund activities	199,611	-	-	-	-	199,611	-	-
Unrestricted (deficit)	(134,486,365)	22,834,312	(175,733,509)	839,098	2,058,825	-	15,514,909	-
Total net position (deficit)	**$ 900,251**	**$ 22,834,312**	**$ (175,733,509)**	**$ 839,098**	**$ 2,058,825**	**$ 199,611**	**$ 150,701,915**	**$ -**

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 REVENUES, EXPENSES, TRANSFERS AND CHANGES IN NET POSITION (Unaudited)
YEAR ENDED JUNE 30, 2018

	Combined Total	Eliminations	General Fund	Pension and OPEB Liabilities Fund	Designated Fund	Auxiliary Activities Funds	Expendable Restricted Funds	Plant Funds
Operating revenues								
Tuition and fees (net of scholarship allowances of $18,887,532)	$ 31,112,089	$ (18,887,532)	$ 48,666,454	$ -	$ (8,050)	$ 1,341,216	$ -	$ -
Federal grants and contracts	2,413,388	-	-	-	-	-	2,413,388	-
State grants and contracts	2,149,369	-	-	-	-	-	2,149,369	-
Local grants and contracts	4,618,048	-	2,096,668	-	-	-	2,521,380	-
Sales and services of educational activities	12,170	-	7,526	-	-	-	-	4,644
Sales and services of auxiliary activities	136,280	-	-	-	-	136,280	-	-
Job Training Programs	213,399	-	-	-	-	-	213,399	-
Miscellaneous	1,973,231	-	1,228,723	-	-	476,323	92,970	175,216
Total operating revenues	**42,627,974**	**(18,887,532)**	**51,999,372**	**-**	**(8,050)**	**1,953,819**	**7,390,505**	**179,859**
Operating expenses								
Instruction	37,305,679	-	38,528,677	(2,273,595)	15,758	19,836	1,015,003	-
Information Technology	12,258,907	-	10,707,109	(366,110)	255,095	(460,082)	5,347	2,117,548
Public services	2,754,459	-	968,198	(89,140)	10,000	24,746	1,840,655	-
Instructional support	16,502,356	-	16,546,921	(886,092)	13,098	31,663	796,766	-
Student services	17,352,582	(18,887,532)	16,546,891	(609,652)	11,764	35,765	20,255,345	-
Institutional administration	19,835,166	-	13,032,821	(790,585)	10,643	591,988	6,990,299	-
Operation and maintenance of plant	16,044,964	-	12,283,023	(290,765)	-	449,469	29,820	3,573,417
Depreciation	10,090,635	-	-	-	-	-	-	10,090,635
Total operating expenses	**132,144,748**	**(18,887,532)**	**108,613,640**	**(5,305,939)**	**316,358**	**693,385**	**30,933,236**	**15,781,599**
Operating (loss) income	**(89,516,774)**	**-**	**(56,614,268)**	**5,305,939**	**(324,408)**	**1,260,434**	**(23,542,731)**	**(15,601,740)**
Nonoperating revenues (expenses)								
State appropriations	33,759,671	-	33,759,671	(6,809,653)	-	-	6,809,653	-
Property tax levy	40,983,811	-	40,983,811	-	-	-	-	-
Pell Grant revenue	16,461,261	-	-	-	-	-	16,461,261	-
Investment return and other gains	498,034	-	376,676	-	-	-	-	121,358
Interest on capital asset - related debt	(2,624,545)	-	-	-	-	-	-	(2,624,545)
Net nonoperating revenues (expenses)	**89,078,232**	**-**	**75,120,158**	**(6,809,653)**	**-**	**-**	**23,270,914**	**(2,503,187)**
Other revenues								
State capital grants	**599,701**	**-**	**-**	**-**	**-**	**-**	**-**	**599,701**
Increase (decrease) in net position	**161,159**	**-**	**18,505,890**	**(1,503,714)**	**(324,408)**	**1,260,434**	**(271,817)**	**(17,505,226)**
Transfers in (out)	-	-	(17,187,341)	-	(473,399)	(2,959,844)	463,511	20,157,073
Change in net position	**161,159**	**-**	**1,318,549**	**(1,503,714)**	**(797,807)**	**(1,699,410)**	**191,694**	**2,651,847**
Net position (deficit), beginning of year	**48,107,556**	**-**	**21,515,763**	**(126,861,331)**	**1,636,905**	**3,758,236**	**7,917**	**148,050,067**
Beginning Net position Restatement - Implementation of GASB 75	**(47,368,464)**	**-**	**-**	**(47,368,464)**	**-**	**-**	**-**	**-**
Net position (deficit), end of year	**$ 900,251**	**$ -**	**$ 22,834,312**	**$ (175,733,509)**	**$ 839,098**	**$ 2,058,825**	**$ 199,611**	**$ 150,701,915**

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	36,462,526	-	37,922,345	(2,073,111)	11,642	18,711	582,940	-
Information Technology	10,434,438	-	9,832,036	-	7,156	(476,852)	5,812	1,066,287
Public services	2,703,721	-	766,795	(89,283)	-	19,661	2,006,549	-
Instructional support	17,547,370	-	15,407,752	(831,081)	14,286	86,898	2,807,547	61,969
Student services	11,782,303	(18,629,081)	11,948,008	(505,658)	-	4,450	18,964,584	-
Institutional administration	20,265,334	-	12,330,070	(422,633)	(2,584)	2,038,268	6,322,213	-
Operation and maintenance of plant	15,925,694	-	11,879,688	(250,326)	-	872,262	24,646	3,399,423
Depreciation	8,643,040	-	-	-	-	-	-	8,643,040
Total operating expenses	**123,764,426**	**(18,629,081)**	**100,086,693**	**(4,172,092)**	**30,499**	**2,563,398**	**30,714,290**	**13,170,719**
Operating (loss) income	**(79,826,053)**	**-**	**(49,119,059)**	**4,172,092**	**(35,370)**	**559,665**	**(22,708,491)**	**(12,694,890)**
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**	**-**	**23,432,325**	**(873,684)**	**(35,370)**	**559,665**	**(627,045)**	**(11,040,469)**
Transfers in (out)	-	-	(21,791,757)	-	101,042	(271,215)	634,962	21,326,968
Change in net position	**11,415,421**	**-**	**1,640,568**	**(873,684)**	**65,672**	**288,450**	**7,917**	**10,286,499**
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**	**$ -**	**21,515,763**	**(126,861,331)**	**1,636,905**	**3,758,236**	**7,917**	**148,050,067**