



# Financial Report

**As the financial report shows, LCC continues to exercise fiscal prudence, maintain a healthy financial condition, and practice good stewardship in the use of public and tuition dollars for academic programs and services.**

Lansing Community College remains fiscally sound. This Popular Annual Financial Report (PAFR) is formatted as an easy-to-read version of the College's Comprehensive Annual Financial Report (CAFR) that is published each year. The CAFR is a detailed account of the financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP), including financial disclosures, management's discussion and analysis, and LCC's component unit, the Lansing Community College Foundation. The Foundation's financial statements are not included in this report. To view the complete CAFR, please go to [www.lcc.edu/finservices](http://www.lcc.edu/finservices).



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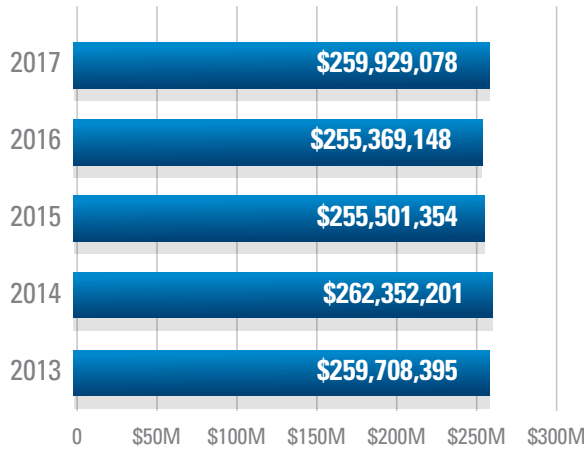
**Lansing Community College  
Michigan**

For its Annual  
Financial Report  
for the Fiscal Year Ended

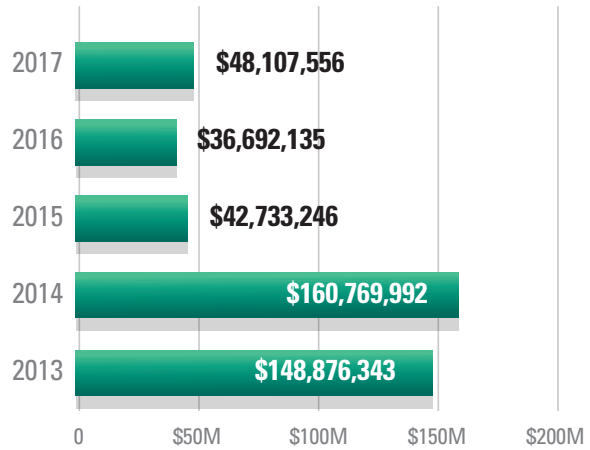
June 30, 2016

*Jeffrey R. Egan*  
Executive Director/CEO

### Total Assets



### Total Net Position



### Assets

Current assets are those resources reasonably available within one year. Unlike other forms of assets, cash and cash equivalents can be used immediately for current operational needs, such as meeting the payroll or paying vendors. Short-term investments represent the College’s holding in allowable financial instruments maturing within one year or less, such as certificates of deposits and money market accounts. Receivables represent those monies due to the College but not yet available for use; examples include property taxes not yet received for the prior and current year levies, remaining state appropriation payments, and accrued interest.

Non-current assets are the College’s long-term financial and plant resources. Long-term investments represent the College’s holding in allowable financial instruments maturing in more than one year, such as certificates of deposit. Property and equipment account for the College’s equity in land, buildings,

real estate improvements such as roads and security lighting, and capital equipment such as computer hardware and software, furniture, and media equipment. Depreciation is the allocation of the costs of buildings and equipment over their expected useful lives.

### Liabilities

Current liabilities are short-term obligations. Accrued payroll, accounts payable, and other accrued liabilities represent amounts due to employees or vendors for services, supplies, or equipment provided to the College. Unearned revenues include the tuition revenue for the remainder of the summer semester and amounts received for services to be provided in the future.

### Net Position

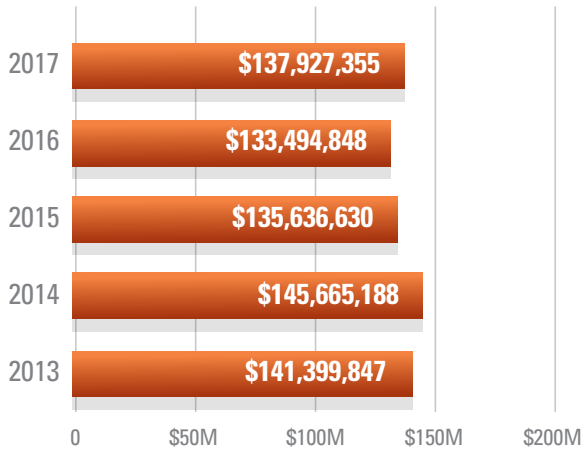
Net position represents the difference between the aggregated total of assets plus deferred outflows of resources and the aggregated total of liabilities plus

deferred inflows of resources, and is classified by the following categories: Net investment in capital assets— this is the total capital assets less accumulated depreciation and the outstanding balance of related debt; Restricted – this is net position that has limitations imposed on its use by external parties or by laws or regulations; Unrestricted – this is net position that may be used to meet the College’s ongoing financial obligations. When reviewed over time, net position may serve as a useful indicator of the College’s financial position. Total net position decreased \$118 million in fiscal year 2015 due to the requirement that all public employers in a cost-sharing retirement plan record the employer’s total share of the Statewide retirement system’s net pension liability. While this decreased overall net position for the College, the accounting entry recognizing the liability does not have any impact on the College’s General Fund operational results and budget.

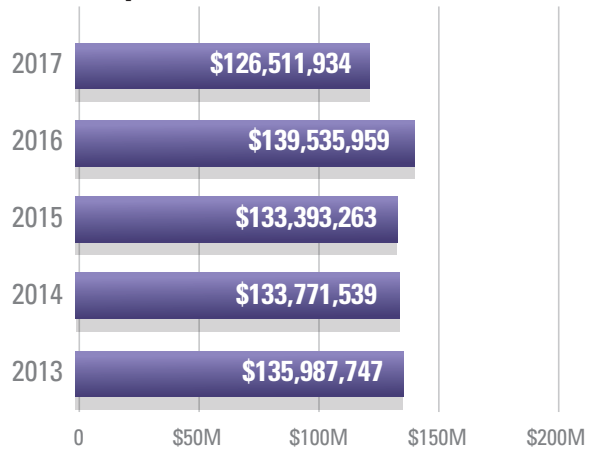
## Condensed Statement of Net Position and History for the Years Ended June 30

	2017	2016	2015	2014	2013
<b>Current Assets</b>					
Cash and cash equivalents	\$13,726,408	\$11,061,971	\$12,422,536	\$14,005,912	\$20,155,782
Short-term investments	\$22,565,496	\$22,581,369	\$19,421,016	\$24,901,543	\$15,290,530
Receivables	\$12,632,441	\$13,926,660	\$13,308,695	\$16,230,555	\$16,575,155
Inventories	\$134,348	\$178,035	\$226,181	\$163,130	\$73,631
Prepaid expenses and other assets	\$1,863,192	\$1,806,022	\$226,497	\$487,398	\$1,150,929
<b>Noncurrent Assets</b>					
Restricted cash-unspent bond proceeds	\$-	\$-	\$-	\$10,729,919	\$23,867,509
Long-term investments	\$8,211,410	\$5,083,991	\$11,142,907	\$6,041,548	\$11,563,829
Bond issuance costs, net		\$-	\$-	\$-	\$-
Property and equipment, net	\$200,795,783	\$200,731,100	\$198,753,522	\$189,792,196	\$171,031,030
<b>Total Assets</b>	<b>\$259,929,078</b>	<b>\$255,369,148</b>	<b>\$255,501,354</b>	<b>\$262,352,201</b>	<b>\$259,708,395</b>
<b>Deferred outflows of resources</b>					
Deferred charge on bond refunding	\$831,639	\$997,967	\$1,164,295	\$1,330,622	\$1,496,949
Deferred pension amounts	\$19,460,975	\$14,002,164	\$18,050,453	\$-	\$-
<b>Current Liabilities</b>					
Accounts payable	\$4,959,369	\$6,169,418	\$3,657,124	\$6,003,530	\$8,494,178
Accrued payroll and other compensation	\$8,728,754	\$8,736,474	\$7,593,206	\$7,020,535	\$7,978,245
Unearned revenue	\$3,438,610	\$3,417,583	\$3,382,722	\$3,408,606	\$3,864,562
Other current liabilities	\$-	\$-	\$27,564	\$41,841	\$41,841
Current portion of debt obligations	\$3,875,000	\$6,115,000	\$5,215,000	\$5,234,848	\$5,002,213
<b>Noncurrent liabilities</b>					
Long-term debt obligations, net of current portion	\$64,790,095	\$69,248,858	\$75,293,790	\$81,175,907	\$86,878,558
Net pension liability	\$139,408,096	\$134,564,773	\$123,194,232	\$-	\$-
Other non-current liabilities	\$-	\$-	\$-	\$27,564	\$69,404
<b>Total liabilities</b>	<b>\$225,199,924</b>	<b>\$228,252,106</b>	<b>\$218,363,638</b>	<b>\$102,912,831</b>	<b>\$112,329,001</b>
<b>Deferred inflows of resources</b>					
Deferred pension amounts	\$6,914,210	\$5,425,038	\$13,619,218	\$-	\$-
<b>Net Position</b>					
Invested in capital assets, net of related debt	\$132,962,327	\$126,365,209	\$119,409,027	\$115,441,982	\$104,514,717
Restricted	\$7,917	\$-	\$152,940	\$-	\$-
Unrestricted	\$(84,862,688)	\$(89,673,074)	\$(76,828,721)	\$45,328,010	\$44,361,626
<b>Total Net Position</b>	<b>\$48,107,556</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$160,769,992</b>	<b>\$148,876,343</b>

### Total Revenues



### Total Expenses



### Operating Revenue

Student tuition and fees are the primary operating source of revenues for the College. LCC's in-district rate of tuition of \$99 per billing hour in FY 2017 remains among the most competitive in the state. Total Operating Revenues increased from FY 2016 to FY 2017 by \$2.4 million, or 5.8 percent.

### Operating Expenses

Instruction includes direct activities and activities that aid in the teaching process. Instruction expenses include not only personnel costs and supplies, but also the personnel and materials required to plan, implement, and manage the instructional programs. Instructional

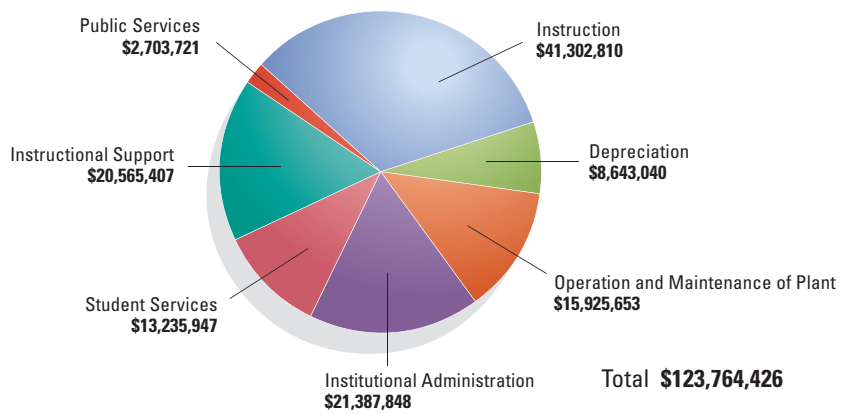
support comprises those programs that directly support the instruction process, such as tutoring, library operations and instructional media services. Public Services include those activities established to respond to a community need or solve a community problem. Student Services include registration and records, financial aid, counseling, student success coaches and other activities that provide non-academic support services to students. Institutional Administration encompasses general regulation, direction, and administration as well as institution-wide governance and accreditation activities. Operation and Maintenance of Plant includes maintenance, housekeeping, and other costs necessary for the proper and safe

operation of the College's facilities. Depreciation represents the current year allocated costs of fixed assets. Total Operating Expenses decreased from FY 2016 to FY 2017 by \$12.2 million, or 8.9 percent.

### Non-Operating Revenues (Expenses)

State appropriations, property tax levies, and Pell grants are the major sources of non-operating revenue for the College. The college received \$4.4 of the total \$5.0 million grant from the state to expand and enhance the Center for Manufacturing Excellence. Non-operating expenses include interest on debt incurred to acquire capital assets.

### FY 2017 Operating Expenses



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

	2017	2016	2015	2014	2013
<b>Operating Revenues</b>					
Total Operating Revenues	\$43,938,373	\$41,521,872	\$40,256,398	\$40,148,293	\$42,508,694
Total Operating Expenses	\$123,764,426	\$135,956,500	\$129,997,168	\$130,144,375	\$132,323,425
<b>Operating Income (Loss)</b>	<b>\$(79,826,053)</b>	<b>\$(94,434,628)</b>	<b>\$(89,740,770)</b>	<b>\$(89,996,082)</b>	<b>\$(89,814,731)</b>
Net Non-Operating Revenues (Expenses)	\$86,638,657	\$88,250,621	\$91,984,137	\$92,473,681	\$93,926,831
Capital Gifts and Appropriations	\$4,602,817	\$142,896	\$-	\$9,416,050	\$1,300,000
<b>Total Change in Net Position</b>	<b>\$11,415,421</b>	<b>\$(6,041,111)</b>	<b>\$2,243,367</b>	<b>\$11,893,649</b>	<b>\$5,412,100</b>
<b>Net Position, Beginning of Year</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$160,769,992</b>	<b>\$148,876,343</b>	<b>\$143,464,243</b>
<b>Implementation of GASB 68</b>	<b>\$-</b>	<b>\$-</b>	<b>\$(120,280,113)</b>		
<b>Net Position, End of Year</b>	<b>\$48,107,556</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$160,769,992</b>	<b>\$148,876,343</b>
<b>Operating Revenues</b>					
Tuition and fees (net of scholarships allowances)	\$30,405,367	\$27,216,821	\$27,560,464	\$28,554,591	\$29,363,192
Federal, state and local grants and contracts	\$8,636,075	\$7,771,621	\$9,220,412	\$7,554,507	\$8,668,668
Sales and services	\$1,712,034	\$2,499,865	\$807,485	\$2,588,032	\$3,082,927
Miscellaneous	\$3,184,897	\$4,033,565	\$2,668,037	\$1,451,163	\$1,393,907
<b>Total Operating Revenues</b>	<b>\$43,938,373</b>	<b>\$41,521,872</b>	<b>\$40,256,398</b>	<b>\$40,148,293</b>	<b>\$42,508,694</b>
<b>Operating Expenses</b>					
Instruction	\$41,302,810	\$46,417,111	\$45,539,843	\$47,495,410	\$48,827,540
Public Services	\$2,703,721	\$2,157,956	\$2,015,322	\$2,162,257	\$2,196,929
Instructional Support	\$20,565,407	\$24,916,745	\$23,323,896	\$21,917,746	\$22,020,718
Student services	\$13,235,947	\$13,207,329	\$15,240,309	\$17,926,228	\$20,559,075
Institutional administration	\$21,387,848	\$20,538,563	\$18,125,659	\$16,630,435	\$12,999,388
Operation and maintenance of Plant	\$15,925,653	\$20,883,970	\$18,489,746	\$17,033,486	\$16,993,682
Depreciation	\$8,643,040	\$7,834,826	\$7,262,393	\$6,978,813	\$8,726,093
<b>Total Operating Expenses</b>	<b>\$123,764,426</b>	<b>\$135,956,500</b>	<b>\$129,997,168</b>	<b>\$130,144,375</b>	<b>\$132,323,425</b>
<b>Operating Income (Loss)</b>	<b>\$(79,826,053)</b>	<b>\$(94,434,628)</b>	<b>\$(89,740,770)</b>	<b>\$(89,996,082)</b>	<b>\$(89,814,731)</b>
<b>Non-Operating Revenues</b>					
State appropriations	\$33,317,442	\$33,761,131	\$35,344,860	\$32,824,815	\$30,724,364
Property tax levy	\$39,910,486	\$39,207,101	\$37,390,260	\$36,718,154	\$37,294,876
Pell grant revenue	\$15,980,057	\$18,705,818	\$22,505,731	\$26,380,689	\$29,347,419
Investment return and other gains	\$178,180	\$156,030	\$139,381	\$177,187	\$224,494
Interest on capital asset related debt	\$(2,747,508)	\$(3,579,459)	\$(3,396,095)	\$(3,627,164)	\$(3,664,322)
<b>Net Non-Operating Revenues (Expenses)</b>	<b>\$86,638,657</b>	<b>\$88,250,621</b>	<b>\$91,984,137</b>	<b>\$92,473,681</b>	<b>\$93,926,831</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$6,812,604</b>	<b>\$(6,184,007)</b>	<b>\$2,243,367</b>	<b>\$2,477,599</b>	<b>\$4,112,100</b>
State Capital Grants	\$4,400,299				
Capital Appropriations and Gifts	\$202,518	\$142,896	\$-	\$9,416,050	\$1,300,000
<b>Change in Net Position</b>	<b>\$11,415,421</b>	<b>\$(6,041,111)</b>	<b>\$2,243,367</b>	<b>\$11,893,649</b>	<b>\$5,412,100</b>
<b>Net Position, Beginning of Year</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$160,769,992</b>	<b>\$148,876,343</b>	<b>\$143,464,243</b>
<b>Implementation of GASB 68</b>	<b>\$-</b>	<b>\$-</b>	<b>\$(120,280,113)</b>	<b>\$-</b>	<b>\$-</b>
<b>Adjusted Net Position, Beginning of Year</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$40,489,879</b>	<b>\$148,876,343</b>	<b>\$143,464,243</b>
<b>Net Position, End of Year</b>	<b>\$48,107,556</b>	<b>\$36,692,135</b>	<b>\$42,733,246</b>	<b>\$160,769,992</b>	<b>\$148,876,343</b>