

CITY OF LANSING, MICHIGAN
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022



Andy Schor, Mayor

Prepared by:
Department of Finance

Chief Financial Officer/Finance Director
Desiree A. Kirkland

Controller
Jeffery D. Scharnowske

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INTRODUCTORY SECTION

CITY OF LANSING, MICHIGAN

LANSING CITY GOVERNMENT

Fiscal Year Ended June 30, 2022

MAYOR

Andy Schor

CITY COUNCIL

Adam Hussain, Council President, 3rd Ward
Carol Wood, Council Vice President, At Large
Peter Spadafore, At Large
Jeffrey Brown, At Large
Patricia Spitzley, At Large
Brian M. Daniels, 1st Ward
Jeremy A. Garza, 2nd Ward
Brian T. Jackson, 4th Ward

CLERK

Chris Swope

DISTRICT COURT JUDGES

Stacia Buchanan, Chief Judge
Kristen D. Simmons
Cynthia M. Ward
Tony Flores
Laura Millmore

OFFICERS

Chief Information Officer.....
Chief Strategy Officer.....
Chief Labor Negotiator.....
City Assessor.....
City Attorney.....
Communications Director.....
City Treasurer/Chief Financial Officer.....
Court Administrator.....
Deputy Mayor/Chief of Staff.....
Executive Assistant.....
Economic Development & Planning Director.....
Fire Chief.....
Human Relations & Community Service Director.....
Human Resources Director.....
Neighborhoods & Citizen Engagement.....
Parks & Recreation Director.....
Police Chief.....
Public Service Director.....

Christopher Mumby
Shelbi Frayer
Elizabeth O'Leary
Sharon Frischman
Jim Smiertka
Scott Bean
Desiree Kirkland
Anethia Brewer
Jane Bais DiSessa
Mark Lawrence
Brian McGrain
Brian Sturdivant
Kimberly Coleman
Linda Sanchez-Gazella
DeLisa Fountain
Brett Kaschinske
Ellery Sosebee
Andrew Kilpatrick



Andy Schor, Mayor

2021 FINANCE DEPARTMENT
124 W. Michigan Ave., 8th Floor
Lansing, Michigan 48933
517.483.4500

December 20, 2022

Council President Adam Hussain and Council Members
10th Floor City Hall
Lansing, Michigan 48933-1694

Dear President Hussain and Council Members,

The Finance Department is pleased to submit the comprehensive annual financial report for the City of Lansing, Michigan, for the fiscal year ended June 30, 2022.

The City of Lansing assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the government operations and of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's fiscal year 2021/2022 financial statements have been audited by Maner Costerisan, an independent firm of licensed, certified public accountants located within the Capital Region. The goal of the independent audit is to provide reasonable assurance that the financial statements for the City for the fiscal year-end June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. The independent audit concluded with the rendering of an unmodified opinion on the statements, meaning the financial statements present fairly and accurately in all material respects in conformity with the Generally Accepted Accounting Principles (GAAP). The Independent Auditor Report is presented as the first component of the financial section of this report.

This letter of transmittal is designed to complement the Management Discussion and Analysis (MD&A) and should be read in conjunction with it. The Management Discussion and Analysis can be found immediately following the Independent Auditor Report.

Profile of the City of Lansing

Serving as Michigan's capital since 1848, the City of Lansing was incorporated in 1859 and operates under provisions of Public Act 279 of 1909, as amended (Home Rule City Act). The City incorporates 34.7 square miles and is located in Michigan's Lower Peninsula within the northwestern corner of Ingham County and the northeastern corner of Eaton County. The City operates under a mayor/council form of government, where the Mayor serves as the chief executive of the City and is elected on an at-large basis to serve a four-year term. Lansing is a mature core city with a population of 112,644 according to the 2020 census and offers a full range of services. During the fiscal year ended June 30, 2022, the City operated a police headquarters and precinct with 211 sworn police officers, six fire stations with a fire protection force of 170, over 365 miles of sanitary sewers, 239 miles of storm sewers and 184 miles of combined sewers, over 413 miles of roads, 113 parks, a District Court and support for human services and cultural events. The City's main sources of revenue are property taxes, income taxes, State revenue sharing, Federal entitlement grants and charges for services including utility billings.

Reporting Entity

The financial reporting entity (the City) includes all of the funds of the primary government (i.e., the City as legally defined) as well as its blended component unit the Lansing Building Authority. Blended component units, although legally separate entities, are in substance part of the primary government's operations and are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Lansing Entertainment & Public Facilities Authority, Tax increment Finance Authority, the Brownfield Redevelopment Authority, and the Saginaw Street and Michigan Avenue Corridor Improvement Authority are reported as discretely presented component units.

Financial Management and Control

Management of the City of Lansing is responsible for establishing and maintaining internal controls. These controls are designed to ensure that the assets of the government are protected from loss, theft, or misuse and to assure that adequate accounting data is compiled. This allows for the accurate presentation of financial statements in conformity with generally accepted accounting principles. Such controls include appropriate policies and procedures, ongoing risk assessment and monitoring and review processes which are communicated throughout City operations. Because the cost of internal controls generally should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that these objectives are met.

Because the City is a recipient of federal grant dollars the independent audit of the financial statements of the City of Lansing was part of a broader federally mandated "single audit" in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The standards governing the single audits require the independent auditor to report not only on the fair presentation of the financial statements but also on the audited government's internal controls and compliance with legal requirements involving the administration of the federal awards. These reports are available in the City's separately issued Single Audit Report.

Financial results and applicable policies affecting year-end results for the fiscal year ended June 30, 2022 are discussed in the Management Discussion and Analysis (MD&A), located immediately following the Independent Auditor Reports.

Budgeting Controls

The annual budget serves as the foundation for the City's financial planning, policy-making and control. The City Charter requires that the Mayor submit to the City Council a proposed budget by the fourth Monday in March. Not later than the third Monday in May of each year, the City Council shall, by resolution, adopt a budget for the ensuing fiscal year. Budgetary controls and limitations are noted in the Note Disclosure Section of the financial statements.

The City also maintains an encumbrance accounting system, whereby purchase order amounts are deducted from the available budget as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end and require City Council approval to be carried forward to the ensuing fiscal year for amounts greater than \$5,000 or greater than eight months old.

Local Economy

The City of Lansing is the seat of the Michigan state government. The local economy is comprised of a diversified mix of business and industries. With Michigan State University, Davenport University, Western Michigan University Thomas M Cooley Law School and Lansing Community College, the region has a strong higher education presence. The metro Lansing region is also home to several national insurance company headquarters and healthcare services with two major hospitals in the City and a wide variety of technology firms. Manufacturing also has a strong presence, especially in the automotive and biotech engineering sectors, with two General Motors assembly plants and related facilities located in the City, including a Logistics Center and a regional stamping plant, automotive suppliers throughout the region, production of particle accelerators, and vaccine research and production. Within the City, major taxpayers and employers include, but are not limited to, the health care sector - Sparrow Health Systems and McLaren Health Care Corporation, manufacturing - General Motors, research sector - Emergent BioSolutions, Neogen Corporation, and Niowave, Inc., and financial services and insurance - Jackson National Life and AF Group.

Lansing serves as the cultural center for the region. Recent major investments have continued to revitalize Lansing and power the local economy. These new projects range in size from large to small and will continue to make Lansing a great place that offers the benefits of a big city with the affordability and convenience of a small town.

Some notable business expansion and real estate projects that are attributed to the success of the City's economic development include:

- In 2022 the Mayor announced \$175,000 in funding for the Façade Improvement Program which assists businesses and property owners with matching grants to improve storefronts throughout Lansing's commercial corridors.
- The City's Arts grant program continues to support local arts and culture organizations including the Lansing Art Gallery, Impression 5, and the Lansing Symphony Orchestra. In addition, the City will be providing \$167,500 of arts impact grants through the Fiscal Year 2021/2022 City of Lansing budget.
- City View Apartments, Building #1: The first phase of the City View project at the site of the former Lake Trust Headquarters (500 S. Capitol Ave.) opened for leasing in November. This adaptive reuse project includes 55 new residential units in downtown Lansing. The rest of the 500 Block redevelopment is nearing completion. This will be a \$32 million development project in downtown Lansing and includes the creation of 172 multifamily apartment units scheduled for completion in 2023.
- Construction on the Temple Lofts project commenced in late 2020 and was completed in December 2022. This \$10.5 million redevelopment of one of Old Town's most storied buildings includes the construction of 31 market-rate apartments, 4,000 square feet of first-floor office and commercial space
- 637 E. Michigan Ave. (former Clara's) Redevelopment: The \$3,100,000 investment to restore an iconic Lansing train station includes nearly 6,000 SF of completely renovated commercial space. The building will be occupied by two new tenants, a recently opened Starbucks community store and Bobcat Bonnies, a Michigan-based restaurant scheduled to open in 2023.
- Construction of McLaren Greater Lansing's new state of the art \$600 million healthcare campus at Forest and Collins Rd. in Lansing was completed in March 2022.

Future development projects currently underway include:

- \$175 million Lansing public safety bond will pay for newly constructed public safety and courts campus. This new facility will house the headquarters of the Lansing Fire Department, the Lansing Police Department, a new fire station, temporary detention facility, and the 54-A District Court. The new, central location for public safety services will be on S. Washington Ave, next to the City's South Washington Office Complex.
- The Ovation Music and Arts Center, which will be located downtown next to the former Lake Trust location will be a new, state of the art live performance venue.
- Lansing Shuffleboard and Social Club: The Lansing Shuffle project includes a full renovation of the former Lansing City Market building and upgrades to the patio. The opening is scheduled for early 2023 and will offer a variety of food and drink options from local food entrepreneurs, full-sized shuffleboard courts, and community event space. This project will serve as a hub for delicious food and unique entertainment and continue the momentum of riverfront activation, adding to the flourishing lifestyle amenities in downtown Lansing. The total project investment is estimated at over \$3,000,000.
- Hall 224: The transformation of 224 S. Washington Sq. into a live music and event venue is nearing completion. The estimated \$1.4 million development plans to open in 2023 and have a capacity of about 600 for general admission and 250 people for tabled events.
- Grand River Pedway Improvements: The complete refurbishment of the city owned pedway that provides pedestrian access across the Grand River is well underway. The Lansing Brownfield Redevelopment Authority was able to leverage private development investment from its Brownfield Revolving Fund to help finance this important public improvement. The update pedway will promote stronger connections across downtown and improve access to several assets such as the river trail, the Lansing Center, and numerous local businesses.
- Holmes Street School Redevelopment: The former Holmes Street School is currently being redeveloped into 47 new residential units with completion by spring 2023. The project will incorporate many of the original details of the building in the redevelopment such as high ceilings, large windows, and original terrazzo as well as using reclaimed wood floors.

In 2022, the City of Lansing brought our economic development team back in-house, re-establishing the Lansing Economic Development Corporation. With five full-time staff, the Lansing EDC accomplishes this by attracting and growing businesses, redeveloping properties, and using public/private partnerships. We continue our regional partnership with the Lansing Economic Area Partnership (LEAP).

For the year 2022, the City and our EDC was able to get 15 projects from the Prospect to the Approved stage. These projects represent nearly \$3.3 billion in new investment in Lansing and are now ready to start construction or are already underway.

- Notable Real Estate and Placemaking Projects Approved in 2022
 - 2130 W. Holmes Redevelopment Project: Multi-Family Residential and Commercial
 - 700 May St./The Cottages: Multi-Family Residential
 - Stadium North Lofts/Senior Lofts: Multi-Family Residential

- Notable Business Development Projects Approved in 2022
 - Ultium Cells/General Motors: Business Retention and Expansion
 - Neogen Corporation: Business Retention and Expansion
 - Moneyball Sportswear: Business Retention and Expansion

Commercial Corridor Improvement

The City and Lansing EDC has also targeted four commercial corridors throughout the city to focus special redevelopment efforts. These Corridor Improvement Authorities are the Michigan Avenue Corridor Improvement Authority (MACIA), Saginaw Street Corridor Improvement Authority (SSCIA), South Martin Luther King Jr. Blvd. Corridor Improvement Authority (SMLKCIA) and the Lansing Gateway (North Grand River) Corridor Improvement Authority.

Throughout the course of 2022 significant progress was made by the Corridor Improvement Authorities. As a part of the City of Lansing's American Rescue Plan Act (ARPA) allocation, Mayor Schor allocated \$100,000 to each of the Corridor Improvement Authorities to provide resources to jumpstart project implementation along the targeted commercial corridors. The S. MLK CIA, with assistance from the Lansing EDC staff, made great strides by adopting its Development & Finance Plan in 2022 and will formally get further underway in 2023. The MACIA continued the implementation of their Development & Finance Plan to further efforts of corridor revitalization. The MACIA along with the City of Lansing, and the Capital Region Community Foundation are funding façade improvements of all the businesses on the entire north side of the 2000 block of E. Michigan Avenue to create a cohesive refresh. The revitalization of the Saginaw corridor has begun to generate momentum with the acquisition of key vacant properties. Moneyball Sportswear, a homegrown athletic apparel company, will consolidate their locations in neighboring municipalities and locate their headquarters at 923-927 W. Saginaw Street. The Park Furniture building along with the property at 1001 W. Saginaw Street (neighboring the new location of Moneyball Sportswear) was acquired and will be home to the operations of DRM International Learning Center, a workforce development company in the healthcare industry. The Lansing Gateway CIA took steps to begin formulation of its board and will work diligently to have their Development & Finance Plan approved in 2023.

The need and demand for equitable development has never been greater. By using key findings from the Mayor's Racial Justice Equity Alliance (MRJEA) report, the Lansing EDC has begun the development of critical programs that will push Lansing forward to a place of shared prosperity and economic resilience. These funds will be used to support BIPOC entrepreneurs to start and expand businesses in the City of Lansing, reduce ALICE households in city, workforce development, and provide the training and resources to enable community development. On July 25th, Lansing City Council approved the allocation of \$2 million of ARPA funds to the Lansing Equitable Economic Development (LEED) Initiative. The initiative is planning to begin rolling out the programs in early 2023.

Cordially,

Desiree A. Kirkland

Desiree A. Kirkland, Chief Finance Officer



Government Finance Officers Association

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

Presented to

**City of Lansing
Michigan**

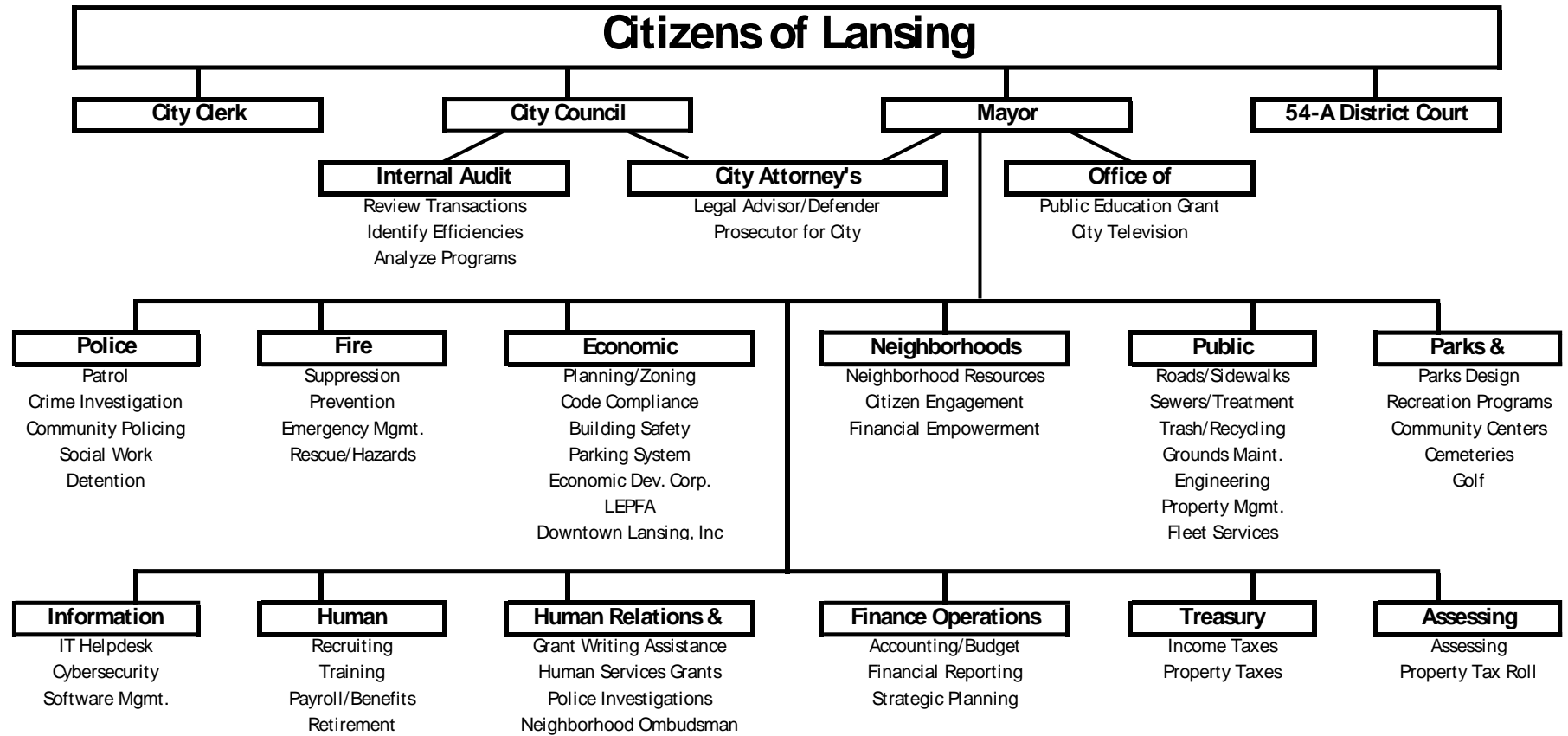
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Table of Organization



FINANCIAL SECTION



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Lansing, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lansing, Michigan (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lansing, as of June 30, 2022, and the respective changes in financial position, and, when applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lansing and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management of the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lansing's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Lansing's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lansing's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the pension and OPEB schedules, as identified 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the City'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 the City's internal control over financial reporting and compliance.

Maney Costeiran PC

December 20, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LANSING MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Lansing, Michigan ("the City") provides this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022 for the benefit of the readers of these financial statements. This management's discussion and analysis ("MD&A") is intended to assist the reader in focusing on significant financial issues and provide an overview of the City's financial activity. The City encourages the readers to consider the following information here in conjunction with the financial statements taken as a whole, which follow this section.

Financial Highlights

| | |
|---|------------------|
| Total net position | \$ (135,367,984) |
| Change in total net position | 49,008,949 |
| Fund balances, governmental funds | 67,675,364 |
| Change in fund balances, governmental funds | 10,837,661 |
| Unassigned fund balance, general fund | 21,907,213 |
| Change in fund balance, general fund | (6,320,951) |
| Long-term obligations outstanding | 189,406,080 |
| Change in long-term debt | 928,301 |

Overview of the Financial Statements

This MD&A is an introduction to the City's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position and the Statement of Activities are two financial statements that report information about the City, as a whole, and about its activities, which provide measurements of long-term trends that should help answer this question: Is the City, as a whole, better off or worse off as a result of this year's activities? Unlike the governmental funds, the current year's revenues and expenses are taken into account regardless of when cash is received or paid, known as "full accrual accounting".

The Statement of Net Position presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these categories reported as "net position". Over time, increases and decreases in net position are an indicator of whether the City's long-term financial position is improving or deteriorating, but can also change as a result of governmental accounting standards.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF LANSING MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Net Position and the Statement of Activities report three activities, as follows:

- *Governmental Activities.* Most of the City's basic services are reported under this category. Property taxes, income taxes, and intergovernmental revenues generally fund these services. The Council (legislative branch), the District Court (judicial branch), and general operations of the executive branch departments, such as police, fire, parks, public works, and other general staff departments fall within the governmental activities.
- *Business-type Activities.* The City charges fees to customers to help cover all or most of the costs of certain services it provides. Sewage collection and treatment and commercial area parking are examples of business-type activities.
- *Discretely Presented Component Units.* Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The City has various discretely presented units: the Brownfield Redevelopment Authority, the Tax Increment Finance Authority, Saginaw Street Corridor Improvement Authority, Michigan Avenue Corridor Improvement Authority, and the Lansing Entertainment and Public Facilities Authority.

These financial statements include two schedules that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (full accrual accounting) on the appropriate government-wide statements. The following summarizes the impact of transitioning from modified accrual to full accrual accounting:

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Certain revenues that are earned, but not available for use within the reporting period, are reported as revenues for governmental activities, but are reported as deferred inflows of resources on the governmental fund statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in governmental fund statements, but not deferred on the government-wide statements.
- Internal service funds are reported as governmental activities but reported as proprietary funds in the fund financial statements.
- Bond discounts and premiums in connection with the issuance of long-term obligations are reported as other financing sources/uses in governmental fund statements but are capitalized and amortized in the government-wide statements.
- Unless due and payable, long-term liabilities, such as capital lease obligations, compensated absences, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending in excess of capitalization thresholds are recorded as capital assets on the government-wide statements but are reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities on the government-wide statements but are recorded as other financing sources on the governmental fund statements.

CITY OF LANSING MANAGEMENT'S DISCUSSION AND ANALYSIS

- Certain other outflows, such as debt service principal payments, represent decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Pension and other postemployment benefits liabilities and related deferrals relating to governmental funds are only reported in the government-wide statements.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Fund Financial Statements. The City's major funds are identified as the General Fund, State and Federal Grants Fund, CERA-MSHDA Grant Fund, Sewage Disposal System Fund, and Municipal Parking System Fund. Data for all other funds, termed "nonmajor funds", are combined into a single, aggregated presentation. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the City uses to keep track of specific sources of funding and spending for a particular purpose.

- *Governmental funds.* Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are greater or fewer financial resources that can be spent in the near future to finance the City's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental funds include the General Fund and special revenue, capital projects, debt service, and permanent funds.
- *Proprietary funds.* When the City charges customers for the services it provides, whether to outside customers or to other agencies within the City, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize full accrual accounting; the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. Examples are the Sewage Disposal Fund and the Municipal Parking Fund. Internal service funds are reported as governmental activities on the government-wide statements.
- *Fiduciary Funds.* The City acts as a trustee or fiduciary, for its employee pension and other postemployment benefit plans and for the 54-A District Court. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension and other postemployment benefit funds, 54-A District Court Agency Fund, and Current Tax Collections Fund are reported using full accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent spendable assets of the City to finance its operations.

Required Supplementary Information

Following the basic financial statements is additional Required Supplementary Information that further explains and supports the information in the financial statements. The Required Supplementary Information includes required pension and other postemployment benefit supplementary information.

**CITY OF LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Other Supplementary Information

Other supplementary information includes combining and individual fund financial statements for nonmajor governmental, proprietary, and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements, but are not reported individually, as with major funds, on the governmental fund financial statements.

Government-wide Financial Analysis

The City's combined net position increased \$102.5 million over the course of this fiscal year's operations and came to a total of \$(184.4) million. Net position of governmental activities increased \$84.3 million, and business-type activities increased \$18.1 million. Explanations for those changes are described below under the governmental activities and business-type activities sections of this Management Discussion and Analysis.

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------|-------------------------|------------------|--------------------------|----------------|------------------|------------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Current and other assets | \$ 131,028,770 | \$ 172,294,944 | \$ 87,638,273 | \$ 78,404,972 | \$ 218,667,043 | \$ 250,699,916 |
| Capital assets, net | 198,918,343 | 207,842,733 | 343,948,727 | 343,402,376 | 542,867,070 | 551,245,109 |
| Total assets | 329,947,113 | 380,137,677 | 431,587,000 | 421,807,348 | 761,534,113 | 801,945,025 |
| Deferred outflows of resources | 97,877,469 | 96,309,562 | 8,447,468 | 8,155,009 | 106,324,937 | 104,464,571 |
| Current liabilities | 47,972,442 | 70,574,273 | 22,021,840 | 21,217,472 | 69,994,282 | 91,791,745 |
| Noncurrent liabilities | 524,484,592 | 646,310,560 | 157,674,615 | 145,906,653 | 682,159,207 | 792,217,213 |
| Total liabilities | 572,457,034 | 716,884,833 | 179,696,455 | 167,124,125 | 752,153,489 | 884,008,958 |
| Deferred inflows of resources | 281,037,994 | 151,013,876 | 19,044,500 | 6,754,746 | 300,082,494 | 157,768,622 |
| Net position | | | | | | |
| Investment in capital assets | 153,733,211 | 159,442,216 | 219,824,056 | 232,446,124 | 373,557,267 | 391,888,340 |
| Restricted | 24,518,910 | 28,101,348 | 2,437,390 | 2,441,780 | 26,956,300 | 30,543,128 |
| Unrestricted | (603,922,567) | (578,995,034) | 19,032,067 | 21,195,582 | (584,890,500) | (557,799,452) |
| Total net position | \$ (425,670,446) | \$ (391,451,470) | \$ 241,293,513 | \$ 256,083,486 | \$ (184,376,933) | \$ (135,367,984) |

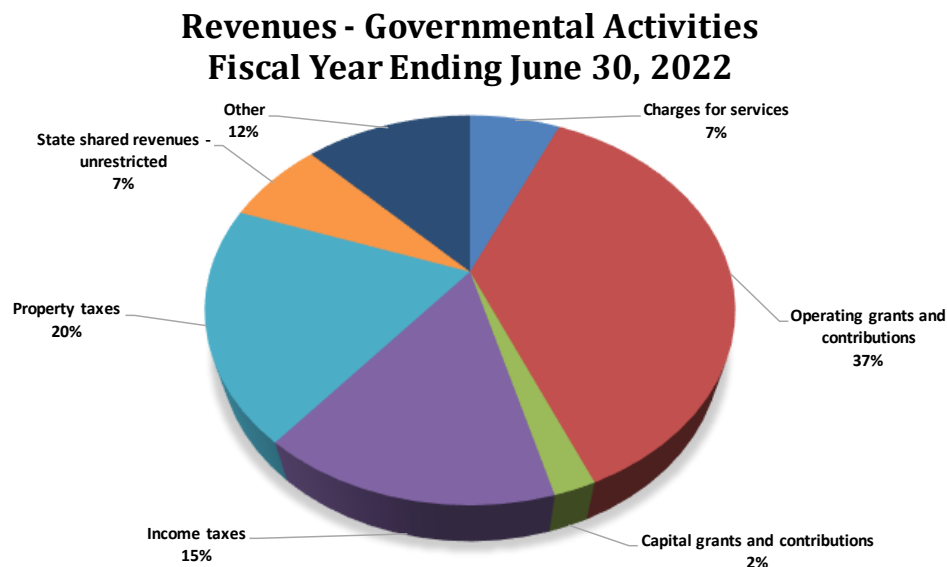
The largest component of the City's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, infrastructure, and others). Restricted net position is the next largest component, which represents amounts subject to external restrictions such as bond covenants, State legislation or Constitutional provision. The remaining portion, unrestricted net position are resources that may be used at the City's discretion, but often have limitations based on policy action. The large increase in unrestricted net position of governmental activities was primarily due to the decrease in the net pension and net other postemployment benefits liabilities of \$19.8 million and \$114.0 million, respectively.

CITY OF LANSING MANAGEMENT'S DISCUSSION AND ANALYSIS

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City's net position changed during the fiscal year:

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-------------------------|--------------------------|-----------------------|-------------------------|-------------------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Revenue | | | | | | |
| Program revenue | | | | | | |
| Charges for services | \$ 15,460,235 | \$ 16,188,665 | \$ 49,041,671 | \$ 49,273,285 | \$ 64,501,906 | \$ 65,461,950 |
| Operating grants and contributions | 61,065,241 | 90,177,926 | - | - | 61,065,241 | 90,177,926 |
| Capital grants and contributions | 15,693,491 | 5,283,332 | - | - | 15,693,491 | 5,283,332 |
| General revenue | | | | | | |
| Taxes | 82,695,459 | 84,708,200 | - | - | 82,695,459 | 84,708,200 |
| State shared revenues - unrestricted | 16,612,094 | 17,704,794 | - | - | 16,612,094 | 17,704,794 |
| Other | 30,256,354 | 29,982,652 | 1,189,678 | 698,662 | 31,446,032 | 30,681,314 |
| Total revenue | 221,782,874 | 244,045,569 | 50,231,349 | 49,971,947 | 272,014,223 | 294,017,516 |
| Expenses | | | | | | |
| General government | 11,196,979 | 19,628,516 | - | - | 11,196,979 | 19,628,516 |
| Public safety | 57,170,988 | 78,113,026 | - | - | 57,170,988 | 78,113,026 |
| Public works | 32,334,504 | 27,316,002 | - | - | 32,334,504 | 27,316,002 |
| Recreation and culture | 4,125,852 | 6,707,099 | - | - | 4,125,852 | 6,707,099 |
| Community and economic development | 34,764,843 | 75,618,986 | - | - | 34,764,843 | 75,618,986 |
| Interest on long-term debt | 1,072,610 | 1,845,964 | - | - | 1,072,610 | 1,845,964 |
| Sewage disposal system | - | - | 20,828,495 | 22,239,978 | 20,828,495 | 22,239,978 |
| Municipal parking system | - | - | 3,183,095 | 10,110,065 | 3,183,095 | 10,110,065 |
| Cemetery | - | - | 300,009 | 98,394 | 300,009 | 98,394 |
| Golf | - | - | 198,889 | 164,878 | 198,889 | 164,878 |
| Garbage and rubbish collection | - | - | 1,753,713 | 1,509,140 | 1,753,713 | 1,509,140 |
| Recycling | - | - | 2,613,739 | 1,656,519 | 2,613,739 | 1,656,519 |
| Total expenses | 140,665,776 | 209,229,593 | 28,877,940 | 35,778,974 | 169,543,716 | 245,008,567 |
| Change in net position before transfers | 81,117,098 | 34,815,976 | 21,353,409 | 14,192,973 | 102,470,507 | 49,008,949 |
| Transfers (out) in | 3,221,479 | (597,000) | (3,221,479) | 597,000 | - | - |
| Change in net position | 84,338,577 | 34,218,976 | 18,131,930 | 14,789,973 | 102,470,507 | 49,008,949 |
| Net position - beginning of year | (510,009,023) | (425,670,446) | 223,161,583 | 241,293,513 | (286,847,440) | (184,376,933) |
| Net position - end of year | <u>\$ (425,670,446)</u> | <u>\$ (391,451,470)</u> | <u>\$ 241,293,513</u> | <u>\$ 256,083,486</u> | <u>\$ (184,376,933)</u> | <u>\$ (135,367,984)</u> |

Governmental Activities. The following chart depicts revenues of the governmental activities for the fiscal year:



**CITY OF LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS**

In total, governmental activity revenues increased \$22.3 million from FY 2021 to FY 2022, with trends of the major revenue categories as follows:

Restricted operating and capital grants and contributions comprised the largest portion of governmental revenues of \$90.2 million, or 37.0% of governmental activity revenue for fiscal year 2022, a \$29.1 million, or 48% increase from fiscal year 2021. State Gas and Weight tax revenues restricted for streets, and Community Development, HOME, and Emergency Shelter entitlement grant revenues held constant with mild growth; increase in this category came largely from non-entitlement restricted grant revenues resulting from State and Federal Stimulus such as the CERA-MSHDA grant efforts.

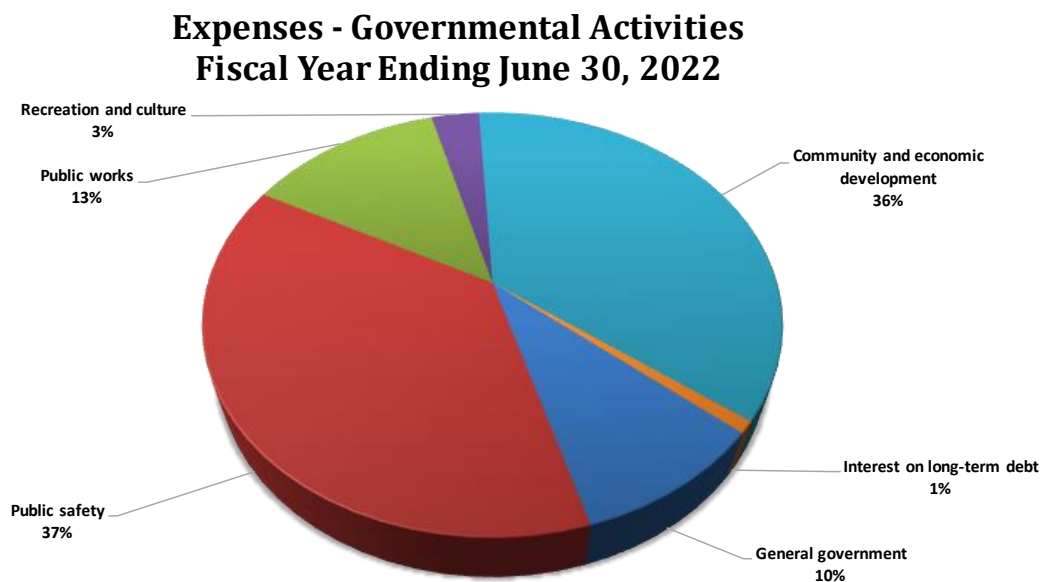
Property taxes revenue was 19.5% of governmental revenues, or \$47.6 million, which is an increase of \$2.0 million, or 4.2% increase from 2021.

Income taxes comprised 15.2%, or \$37.1 million, of governmental activity revenue, the full amount of which is revenue to the General Fund. This represents a \$83,000, or 0.2%, increase from fiscal year 2021. Local income tax rates are prescribed by State law and limited in Lansing's case to 1% of resident income and 0.5% of the income of persons working in the City but living outside of its corporate boundaries. Local income tax rates are also limited to 0.5% for Lansing residents working subject to East Lansing's income tax.

Unrestricted grants and contributions (including state shared sales tax revenue) comprised 20%, or \$47.8 million, of revenues, a \$1.3 million, or 2.8% increase from fiscal year 2021. More than half of this category, \$17.7 million, is attributed to State revenue sharing, an amount distributed to municipalities by the State of Michigan by formula allocation of portions of the State sales tax.

Charges for services are program-specific revenues generated for services provided. Governmental activity charges for services increased \$728,000 from FY 2021 to FY 2022.

Governmental Activities. The following chart depicts expenses of the governmental activities for the fiscal year:



CITY OF LANSING MANAGEMENT'S DISCUSSION AND ANALYSIS

Total expenses for governmental activities increased \$68.8 million, 48.7%, from FY 2021 to FY 2022, with trends of the major expense categories as follows:

The largest component of governmental activities was public safety, accounting for 37%, or \$78.1 million, a 36.6% (\$20.9 million) increase from FY 2021, largely resulting from increase in postemployment and pension liabilities and the resulting impact to long-term liabilities.

Community and economic development represented 36%, or \$75.6 million, of total governmental activities expenses. This category increased \$40.9 million, or 118% from FY 2021 due to increased grant programs as part of federal recovery efforts, such as the CERA grant projects.

Public works comprises the third largest component of governmental activity expenses, at 13.0%, or \$27.3 million, an 15.5% (\$5.0 million) decrease from FY 2021, due to a decrease in expenses.

Business-type Activities. Net position of the business-type activities increased by \$14.8 million from FY 2021 to \$256.1 million. This increase was largely attributable to less funding being transferred to fund governmental activities.

Financial Analysis of the City's Funds

As the City completed the fiscal year, its governmental funds reported combined ending fund balances of \$67.7 million, a \$10.8 million increase from fiscal year 2021. Of the \$67.7 million fiscal year 2022 combined ending fund balance, \$3.9 million is unavailable to spend (i.e., amounts tied up in inventories, prepaids, and endowments), \$35.9 million is legally restricted, and \$6.0 million is committed for designated projects, leaving \$21.9 million unassigned.

The unassigned fund balance for the General Fund was \$21.9 million, an increase of approximately \$700,000 from FY 2021, which is further described in the General Fund Budgetary Highlights section.

Sewage Disposal System Fund

Net position increased \$13.9 million to \$263.5 million in FY 2022. Unrestricted net position increased \$2.5 million, from \$21.5 million to \$24.0 million.

Municipal Parking System Fund

Net position decreased \$4.5 million to approximately \$(540,000). Unrestricted net position decreased \$5.7 million, from \$11.9 million to \$6.2 million. The system continues to experience significantly depressed revenues resulting from 1) many employers allowing their downtown employees to work a hybrid/remote work schedule and 2) downtown college students still allowed to take online classes rather than in-person classes.

CITY OF LANSING MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The FY 2022 General Fund budget was adopted as a balanced budget with a usage of fund balance. The City budgeted a vacancy factor in its General Fund to account for anticipated positions that would become vacant during the course of the year. Because vacancies that will occur within each department cannot be projected, the vacancy factor is budgeted as a single line item of the General Fund and allocated to various departments through a budget amendment during the year. During the course of the fiscal year, the General Fund revenue budget was amended from \$152.4 million to \$142.4 million.

General Fund reserves combined with the Budget Stabilization Fund (combined for financial statement purposes) decreased \$6.3 million from FY 2021 to \$18.6 million. Unassigned fund balance increased approximately \$700,000, or 3% from fiscal year 2021. The City also benefited from state and federal grants used to pay for public safety expenditures for eligible employees.

The City's local economy is comprised of a diversified mix of businesses and industries including government, health care, manufacturing, insurance, banking, and education.

Capital Assets. At the end of the fiscal year 2022, the City had invested \$552 million, net of accumulated depreciation, in a broad range of capital assets (see the table below). Additional information regarding the City's capital assets can be found in Footnote 6 of the of the Notes to the Financial Statements section of the ACFR.

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Land | \$ 25,435,297 | \$ 25,435,297 | \$ 12,369,507 | \$ 12,369,507 | \$ 37,804,804 | \$ 37,804,804 |
| Land improvements | 13,872,508 | 12,926,012 | 13,570,456 | 2,345,583 | 27,442,964 | 15,271,595 |
| Buildings and improvements | 36,667,578 | 34,191,717 | 68,564,717 | 69,837,354 | 105,232,295 | 104,029,071 |
| Equipment | 7,739,183 | 7,110,279 | 2,405,017 | 2,910,621 | 10,144,200 | 10,020,900 |
| Flowage rights | 20,032,880 | 19,365,117 | - | - | 20,032,880 | 19,365,117 |
| Infrastructure | 86,057,449 | 85,285,683 | 215,398,478 | 234,781,043 | 301,455,927 | 320,066,726 |
| Construction in progress | 9,113,448 | 23,528,628 | 31,640,552 | 21,158,268 | 40,754,000 | 44,686,896 |
| Total | <u>\$ 198,918,343</u> | <u>\$ 207,842,733</u> | <u>\$ 343,948,727</u> | <u>\$ 343,402,376</u> | <u>\$ 542,867,070</u> | <u>\$ 551,245,109</u> |

Debt Administration. The City, along with the Lansing Building Authority (LBA), a blended component unit of the City, is empowered by law to authorize, issue, and sell debt obligations. Limited tax and unlimited tax general obligation bonds are backed by the full faith and credit of the City. The City also issues revenue-dedicated bonded debt, whose payment for principal and interest comes solely out of funds that receive legally-restricted revenues. The Sewage Disposal fund has the City's only dedicated revenue bonds currently outstanding. LBA's bonds financed the construction of parking structures, golf courses, and other related improvements. Revenues derived from user fees from persons using parking and golf facilities fund the debt service requirements for related improvements, but they are also backed by a limited tax pledge.

**CITY OF LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS**

| | <u>2021</u> | <u>2022</u> |
|------------------------------------|----------------------------------|----------------------------------|
| Governmental activities | | |
| General obligation bonds | \$ 27,958,180 | \$ 29,629,300 |
| Deferred amounts | | |
| For issuance premiums | 663,565 | 586,222 |
| Installment purchase contracts | 9,156,735 | 22,457,000 |
| Loans | 7,660,461 | 6,886,326 |
| Compensated absences | 11,032,557 | 10,962,758 |
| Workers compensation | <u>2,789,472</u> | <u>3,082,191</u> |
| Total governmental activities | <u>59,260,970</u> | <u>73,603,797</u> |
| Business-type activities | | |
| General obligation bonds | 115,160,822 | 103,495,891 |
| Deferred amounts | | |
| For issuance discounts | (210,232) | (144,942) |
| For issuance premiums | 2,352,719 | 2,143,101 |
| Revenue bonds | 10,975,000 | 9,425,000 |
| Installment purchase agreements | 118,343 | - |
| Compensated absences | <u>820,157</u> | <u>883,233</u> |
| Total business-type activities | <u>129,216,809</u> | <u>115,802,283</u> |
| Total outstanding debt | <u><u>\$ 188,477,779</u></u> | <u><u>\$ 189,406,080</u></u> |

More detailed information regarding these activities and funds can be found in Note 9 of the Notes to the Financial Statements section of the ACFR.

Economic Condition and Outlook

The City has received substantial support from the federal stimulus American Rescue Plan Act (ARPA) and is reviewing potential support on infrastructure. These have empowered ARPA funds have allowed the City to maintain government services, increase community support-without sacrificing financial health. Many of the employers in the City continue to have staff work remotely or remote hybrid, resulting in reduced business activity downtown impacting income tax and parking revenues.

The 2021/2022 fiscal year resulted in a \$678,000 increase to General Fund unassigned reserves, bringing unassigned General Fund reserves up to \$21.9 million, or 15.0% of General Fund revenues., which is within the City's 12%-15% fund balance policy Additional savings exceeding the City's 12%-15% fund balance policy are committed toward reducing unfunded liabilities for retirement pension or healthcare per the City's fund balance policy. Significant challenges remain in the longer-term. Going forward, State-imposed limitations on municipal revenues, most notably those on property tax growth, will continue to constrain resources, which in context of projected increases in pension, healthcare, and infrastructure needs will present budgetary challenges.

CITY OF LANSING
MANAGEMENT'S DISCUSSION AND ANALYSIS

Strengthening the City's economic base, maintaining General Fund reserves, and addressing long-term pension and retiree healthcare obligations are top priorities. The City continues to work diligently with its employees and unions to address the ongoing structural imbalance between projected revenues and long-term pension and retiree health care costs. The City's financial picture will continuously be evaluated to address any budget constraints for future fiscal years.

The City continues to experience significant economic development and national recognition of its economic development efforts and accomplishments. For more information, please see the "Local Economy" section of the Transmittal Letter.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Copies of this financial report, as well as other financial reports, are available on the City's website, www.lansingmi.gov. If you have any questions about this report or need additional financial information, please feel free to contact the Finance Department - 8th Floor, 124 W. Michigan Avenue, Lansing, Michigan.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LANSING
STATEMENT OF NET POSITION
JUNE 30, 2022

| | Primary Government | | | Component |
|--|--------------------|--------------------|--------------------|-------------------|
| | Governmental | Business-type | Total | Units |
| | Activities | Activities | | |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 44,330,183 | \$ 3,188,457 | \$ 47,518,640 | \$ 18,909,171 |
| Equity in pooled cash and investments | 63,438,072 | 15,510,034 | 78,948,106 | 7,552,207 |
| Cash and cash equivalents, restricted | 2,992,454 | 2,441,780 | 5,434,234 | 5,097,644 |
| Current portion of receivables, net | 19,370,703 | 8,559,994 | 27,930,697 | 1,165,675 |
| Due from other governmental units | 22,567,378 | 26,101,046 | 48,668,424 | 114 |
| Internal balances | (4,268,394) | 4,268,394 | - | - |
| Inventories | 1,879,085 | 467,401 | 2,346,486 | 72,221 |
| Prepays | 2,267,302 | - | 2,267,302 | 62,598 |
| Total current assets | 152,576,783 | 60,537,106 | 213,113,889 | 32,859,630 |
| Noncurrent assets | | | | |
| Noncurrent portion of receivables, net | 19,718,161 | 17,867,866 | 37,586,027 | 100,487 |
| Investments - restricted | - | - | - | 14,827 |
| Capital assets not being depreciated | 48,963,925 | 33,527,775 | 82,491,700 | - |
| Capital assets, net of accumulated depreciation | 158,878,808 | 309,874,601 | 468,753,409 | 86,948 |
| Total noncurrent assets | 227,560,894 | 361,270,242 | 588,831,136 | 202,262 |
| TOTAL ASSETS | 380,137,677 | 421,807,348 | 801,945,025 | 33,061,892 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charges on refunding | 228,881 | 3,962,798 | 4,191,679 | - |
| Deferred outflows of resources related to pensions | 51,094,001 | 2,455,787 | 53,549,788 | - |
| Deferred outflows of resources related to OPEB | 44,986,680 | 1,736,424 | 46,723,104 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 96,309,562 | 8,155,009 | 104,464,571 | - |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable | 16,329,860 | 6,512,718 | 22,842,578 | 4,560,121 |
| Accrued payroll | 3,402,638 | 192,504 | 3,595,142 | - |
| Deposits payable | - | 81,782 | 81,782 | - |
| Due to other governmental units | 1,770,692 | - | 1,770,692 | 8,041,034 |
| Claims incurred but not reported | 1,500,000 | - | 1,500,000 | - |
| Indemnity bonds | 43,867 | - | 43,867 | - |
| Other accrued liabilities | 2,041,114 | - | 2,041,114 | 403,742 |
| Accrued interest payable | 603,045 | 2,202,129 | 2,805,174 | 278,754 |
| Unearned revenue | 39,680,581 | - | 39,680,581 | 459,428 |
| Current portion of compensated absences | 1,146,442 | 68,559 | 1,215,001 | - |
| Current portion of long-term obligations | 4,056,034 | 12,159,780 | 16,215,814 | 2,833,569 |
| Total current liabilities | 70,574,273 | 21,217,472 | 91,791,745 | 16,576,648 |

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

CONTINUED

CITY OF LANSING
STATEMENT OF NET POSITION (concluded)
JUNE 30, 2022

| | Primary Government | | | Component |
|---|--------------------|----------------|------------------|-----------------|
| | Governmental | Business-type | Total | Units |
| | Activities | Activities | | |
| LIABILITIES (concluded) | | | | |
| Noncurrent liabilities | | | | |
| Noncurrent portion of compensated absences | \$ 9,816,316 | \$ 814,674 | \$ 10,630,990 | \$ - |
| Noncurrent portion of long-term obligations | 58,585,005 | 102,759,270 | 161,344,275 | 79,075,774 |
| Accrued interest payable, net of current portion | - | - | - | 95,898 |
| Net pension liability | 344,666,086 | 27,293,809 | 371,959,895 | - |
| Net other post-employment benefits liability | 233,243,153 | 15,038,900 | 248,282,053 | - |
| Total noncurrent liabilities | 646,310,560 | 145,906,653 | 792,217,213 | 79,171,672 |
| TOTAL LIABILITIES | 716,884,833 | 167,124,125 | 884,008,958 | 95,748,320 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows of resources related to pensions | 4,897,680 | 657,358 | 5,555,038 | 1,131,356 |
| Deferred inflows of resources related to OPEB | 146,116,196 | 6,097,388 | 152,213,584 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 151,013,876 | 6,754,746 | 157,768,622 | 1,131,356 |
| NET POSITION (DEFICIT) | | | | |
| Net investment in capital assets | 159,442,216 | 232,446,124 | 391,888,340 | 25,864 |
| Restricted | | | | |
| Public safety | 729,503 | - | 729,503 | - |
| Public works | 20,769,263 | - | 20,769,263 | - |
| Community development | 401,620 | - | 401,620 | - |
| Building department | 4,366,574 | - | 4,366,574 | - |
| Debt service | 29,361 | 2,441,780 | 2,471,141 | - |
| Revelopment projects | - | - | - | 5,017,644 |
| Cooley stadium capital projects | - | - | - | 80,000 |
| Endowments (nonexpendable) | 1,805,027 | - | 1,805,027 | - |
| Unrestricted | (578,995,034) | 21,195,582 | (557,799,452) | (68,941,292) |
| TOTAL NET POSITION (DEFICIT) | \$ (391,451,470) | \$ 256,083,486 | \$ (135,367,984) | \$ (63,817,784) |

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

**CITY OF LANSING
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Units |
| | | | | | Governmental Activities | Business-type Activities | Total | |
| Primary government | | | | | | | | |
| Governmental activities | | | | | | | | |
| General government | \$ 19,628,516 | \$ 9,406,822 | \$ 8,400,585 | \$ 1,322,060 | \$ (499,049) | \$ - | \$ (499,049) | \$ - |
| Public safety | 78,113,026 | 4,423,872 | 3,038,693 | - | (70,650,461) | - | (70,650,461) | - |
| Public works | 27,316,002 | 1,165,080 | 19,252,127 | 3,961,272 | (2,937,523) | - | (2,937,523) | - |
| Recreation and culture | 6,707,099 | 1,192,891 | 364,571 | - | (5,149,637) | - | (5,149,637) | - |
| Community and economic development | 75,618,986 | - | 59,121,950 | - | (16,497,036) | - | (16,497,036) | - |
| Interest on long-term debt | 1,845,964 | - | - | - | (1,845,964) | - | (1,845,964) | - |
| Total governmental activities | <u>209,229,593</u> | <u>16,188,665</u> | <u>90,177,926</u> | <u>5,283,332</u> | <u>(97,579,670)</u> | <u>-</u> | <u>(97,579,670)</u> | <u>-</u> |
| Business-type activities | | | | | | | | |
| Sewage disposal system | 22,239,978 | 35,943,034 | - | - | - | 13,703,056 | 13,703,056 | - |
| Municipal parking system | 10,110,065 | 5,101,852 | - | - | - | (5,008,213) | (5,008,213) | - |
| Cemetery | 98,394 | 526,299 | - | - | - | 427,905 | 427,905 | - |
| Golf | 164,878 | - | - | - | - | (164,878) | (164,878) | - |
| Garbage and rubbish collection | 1,509,140 | 3,246,590 | - | - | - | 1,737,450 | 1,737,450 | - |
| Recycling | 1,656,519 | 4,455,510 | - | - | - | 2,798,991 | 2,798,991 | - |
| Total business-type activities | <u>35,778,974</u> | <u>49,273,285</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,494,311</u> | <u>13,494,311</u> | <u>-</u> |
| Total primary government | <u>\$ 245,008,567</u> | <u>\$ 65,461,950</u> | <u>\$ 90,177,926</u> | <u>\$ 5,283,332</u> | <u>(97,579,670)</u> | <u>13,494,311</u> | <u>(84,085,359)</u> | <u>-</u> |
| Component units | | | | | | | | |
| Brownfield Redevelopment Authority | \$ 17,427,056 | \$ - | \$ 194,444 | \$ - | - | - | - | (17,232,612) |
| Tax Increment Finance Authority | (2,257,609) | - | - | - | - | - | - | 2,257,609 |
| Saginaw Street Corridor Improvement Authority | - | - | - | - | - | - | - | - |
| Michigan Avenue Corridor Improvement Authority | - | - | - | - | - | - | - | - |
| Lansing Entertainment & Public Facilities Authority | 6,485,452 | 5,428,872 | 1,539,600 | - | - | - | - | 483,020 |
| Total component units | <u>\$ 21,654,899</u> | <u>\$ 5,428,872</u> | <u>\$ 1,734,044</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(14,491,983)</u> |
| General revenues | | | | | | | | |
| Property taxes | | | | | 47,620,607 | - | 47,620,607 | 12,225,147 |
| Income taxes | | | | | 37,087,593 | - | 37,087,593 | - |
| Unrestricted state shared revenues | | | | | 17,704,794 | - | 17,704,794 | - |
| Grants and contributions not restricted to specific programs | | | | | 30,115,274 | - | 30,115,274 | - |
| Investment earnings (loss) | | | | | (94,154) | 698,662 | 604,508 | (1,840) |
| Miscellaneous | | | | | (38,468) | - | (38,468) | 680,163 |
| Transfers | | | | | (597,000) | 597,000 | - | - |
| Total general revenues and transfers | | | | | <u>131,798,646</u> | <u>1,295,662</u> | <u>133,094,308</u> | <u>12,903,470</u> |
| Change in net position | | | | | 34,218,976 | 14,789,973 | 49,008,949 | (1,588,513) |
| Net position (deficit), beginning of the year | | | | | <u>(425,670,446)</u> | <u>241,293,513</u> | <u>(184,376,933)</u> | <u>(62,229,271)</u> |
| Net position (deficit), end of the year | | | | | <u>\$ (391,451,470)</u> | <u>\$ 256,083,486</u> | <u>\$ (135,367,984)</u> | <u>\$ (63,817,784)</u> |

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

FUND FINANCIAL STATEMENTS

CITY OF LANSING
GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Fund

General Fund - This is the general operating fund of the City. It is used to account for and report all financial resources not accounted for and reported in another fund.

State and Federal Grants Fund - This Special Revenue fund accounts for all revenues received from intergovernmental grants and various contributions. These revenues are used for projects as detailed in individual grant applications.

CERA-MSHDA Grant Fund - This fund accounts for all revenues received from the CERA grant through the Michigan State Housing Development Authority. These revenues are used for projects as detailed in individual grant applications.

Nonmajor Funds

Nonmajor governmental funds are presented, by fund type, within the Combining and Individual Fund Financial Statements and Schedules section of this report as noted in the table of contents.

**CITY OF LANSING
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

| | General | State and Federal Grants - Special Revenue | CERA - MSHDA | Nonmajor Governmental Funds | Total |
|--|----------------------|--|---------------------|-----------------------------------|-----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 3,958,024 | \$ 24,941,930 | \$ 6,872,941 | \$ 8,557,288 | \$ 44,330,183 |
| Cash and cash equivalents - restricted | 2,992,454 | - | - | - | 2,992,454 |
| Equity in pooled cash and investments | 10,737,817 | - | - | 34,100,474 | 44,838,291 |
| Receivables | | | | | |
| Accounts, net | 16,299,119 | - | - | 5,330,320 | 21,629,439 |
| Taxes receivable, net | 986,572 | - | - | - | 986,572 |
| Special assessments | - | - | - | 10,714,739 | 10,714,739 |
| Contracts | 1,322,060 | - | - | - | 1,322,060 |
| Loans | - | 31,880 | - | 1,185,000 | 1,216,880 |
| Accrued interest | - | - | - | 2,350,196 | 2,350,196 |
| Due from other governmental units | 5,728,497 | 11,371,436 | 1,886,840 | 3,580,605 | 22,567,378 |
| Inventories | - | - | - | 1,348,300 | 1,348,300 |
| Prepays | 759,490 | - | - | 250 | 759,740 |
| TOTAL ASSETS | \$ 42,784,033 | \$ 36,345,246 | \$ 8,759,781 | \$ 67,167,172 | \$ 155,056,232 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 9,899,478 | \$ 1,443,755 | \$ 498,498 | \$ 3,015,275 | \$ 14,857,006 |
| Accrued payroll | 2,891,822 | 35,851 | 2,032 | 92,912 | 3,022,617 |
| Due to other governmental units | 1,433,211 | 27,005 | - | 310,476 | 1,770,692 |
| Indemnity bonds | - | - | - | 43,867 | 43,867 |
| Other liabilities | 2,026,514 | - | - | 14,600 | 2,041,114 |
| Due to other funds | - | 3,738,427 | 51,133 | 478,834 | 4,268,394 |
| Unearned revenue | 285,856 | 31,060,602 | 8,208,118 | 126,005 | 39,680,581 |
| TOTAL LIABILITIES | 16,536,881 | 36,305,640 | 8,759,781 | 4,081,969 | 65,684,271 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - fees | 1,473,290 | - | - | - | 1,473,290 |
| Unavailable revenue - contracts | 1,322,060 | - | - | - | 1,322,060 |
| Unavailable revenue - loans and accrued interest receivable | - | 39,606 | - | 8,567,480 | 8,607,086 |
| Unavailable revenue - special assessments | - | - | - | 10,294,161 | 10,294,161 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 2,795,350 | 39,606 | - | 18,861,641 | 21,696,597 |
| FUND BALANCES | | | | | |
| Nonspendable | 759,490 | - | - | 3,153,577 | 3,913,067 |
| Restricted | - | - | - | 35,877,471 | 35,877,471 |
| Committed | 785,099 | - | - | 5,192,514 | 5,977,613 |
| Unassigned | 21,907,213 | - | - | - | 21,907,213 |
| TOTAL FUND BALANCES | 23,451,802 | - | - | 44,223,562 | 67,675,364 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 42,784,033 | \$ 36,345,246 | \$ 8,759,781 | \$ 67,167,172 | \$ 155,056,232 |

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

CITY OF LANSING
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Fund balances - total governmental funds \$ 67,675,364

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

| | | |
|---|--------------------|--|
| The cost of capital assets is | \$ 600,015,832 | |
| Accumulated depreciation is | (392,173,099) | |
| Capital assets accounted for in the internal service funds, net | <u>(9,323,211)</u> | |

| | | |
|---------------------|--|-------------|
| Capital assets, net | | 198,519,522 |
|---------------------|--|-------------|

Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

| | | |
|--|----------------------|--|
| Deferred ambulance fees receivable | 769,473 | |
| Deferred nuisance fees receivable | 703,817 | |
| Deferred loans receivable | 6,256,890 | |
| Deferred long-term interest receivable | 2,350,196 | |
| Deferred long-term special assessments receivable | 10,294,161 | |
| Deferred contract receivable | 1,322,060 | |
| Deferred outflows of resources related to pensions | 51,094,001 | |
| Deferred outflows of resources related to OPEB | 44,986,680 | |
| Deferred inflows of resources related to pensions | (4,897,680) | |
| Deferred inflows of resources related to OPEB | <u>(146,116,196)</u> | |

(33,236,598)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of certain internal service funds are included in the governmental activities in the government-wide statement of net position.

| | | |
|---|--|------------|
| Net position of governmental activities accounted for in governmental activities internal service funds | | 25,354,248 |
|---|--|------------|

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

| | | |
|--|----------------------|--|
| Bonds and loans payable | (58,392,919) | |
| Deferred charges on refunding | 228,881 | |
| Compensated absences | (10,009,574) | |
| Workers compensation | (3,082,191) | |
| Accrued interest payable | (598,964) | |
| Net pension liability | (344,666,086) | |
| Net other post-employment benefits liability | <u>(233,243,153)</u> | |

(649,764,006)

| | | |
|--|--|--------------------------------|
| Net position of governmental activities | | <u>\$ (391,451,470)</u> |
|--|--|--------------------------------|

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

CITY OF LANSING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

| | General | State and Federal Grants - Special Revenue | CERA - MSHDA | Nonmajor Governmental Funds | Total |
|---|----------------------|--|-------------------|-----------------------------------|----------------------|
| REVENUES | | | | | |
| Property taxes and special assessments | \$ 46,226,914 | \$ - | \$ - | \$ 1,783,693 | \$ 48,010,607 |
| Income taxes | 37,087,593 | - | - | - | 37,087,593 |
| Licenses and permits | 1,932,281 | - | - | - | 1,932,281 |
| Intergovernmental | 22,818,693 | 13,381,019 | 51,092,362 | 25,791,952 | 113,084,026 |
| Charges for services | 10,925,736 | 639,413 | - | 4,009,421 | 15,574,570 |
| Fines and forfeits | 1,335,250 | - | - | 241,033 | 1,576,283 |
| Interest and rents | 268,225 | 27,262 | - | (175,797) | 119,690 |
| Other | 25,353,395 | (28,091) | - | 435,458 | 25,760,762 |
| TOTAL REVENUES | 145,948,087 | 14,019,603 | 51,092,362 | 32,085,760 | 243,145,812 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 21,883,495 | - | 59,047 | 3,530,734 | 25,473,276 |
| Public safety | 89,206,408 | 377,964 | - | 746,942 | 90,331,314 |
| Public works | 12,941,208 | 14,126 | - | - | 12,955,334 |
| Highways and streets | - | - | - | 11,450,485 | 11,450,485 |
| Recreation and culture | 9,134,233 | - | - | - | 9,134,233 |
| Community and economic development | 10,632,345 | 13,863,374 | 50,898,386 | 1,390,328 | 76,784,433 |
| Debt service | | | | | |
| Principal | 2,018,747 | - | - | 2,500,169 | 4,518,916 |
| Interest and fiscal charges | 469,743 | - | 134,929 | 1,399,005 | 2,003,677 |
| Capital outlay | - | - | - | 18,396,917 | 18,396,917 |
| TOTAL EXPENDITURES | 146,286,179 | 14,255,464 | 51,092,362 | 39,414,580 | 251,048,585 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (338,092) | (235,861) | - | (7,328,820) | (7,902,773) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from debt issuances | - | - | - | 27,559,000 | 27,559,000 |
| Payment to refunding bond escrow agent | - | - | - | (8,621,566) | (8,621,566) |
| Proceeds from sale of capital assets | - | - | - | 400,000 | 400,000 |
| Transfers in | 100,000 | 235,859 | - | 9,875,000 | 10,210,859 |
| Transfers out | (6,082,859) | - | - | (4,725,000) | (10,807,859) |
| TOTAL OTHER FINANCING SOURCES (USES) | (5,982,859) | 235,859 | - | 24,487,434 | 18,740,434 |
| NET CHANGE IN FUND BALANCES | (6,320,951) | (2) | - | 17,158,614 | 10,837,661 |
| Fund balances, beginning of year | 29,772,753 | 2 | - | 27,064,948 | 56,837,703 |
| Fund balances, end of year | <u>\$ 23,451,802</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 44,223,562</u> | <u>\$ 67,675,364</u> |

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

CITY OF LANSING
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds \$ 10,837,661

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

| | | |
|--|-----------------|-----------|
| Capital outlay | \$ 21,729,246 | |
| Depreciation expense | (11,882,675) | |
| Loss on disposal of capital assets | <u>(50,755)</u> | |
| Excess of capital outlay over depreciation expense | | 9,795,816 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

| | | |
|---|------------------|---------|
| Change in deferred ambulance fees receivable | (295,275) | |
| Change in deferred nuisance fees receivable | 345,679 | |
| Change in deferred loans receivable | (436,659) | |
| Change in deferred contract receivable | 1,322,060 | |
| Change in deferred long-term interest receivable | 59,250 | |
| Change in deferred special assessments receivable | <u>(454,176)</u> | |
| | | 540,879 |

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain individual funds are included in the governmental activities.

Change in net position of governmental activities internal service funds 6,102,511

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

| | | |
|-------------------------------|-------------------|--------------|
| Premium on bond issuance | 77,343 | |
| Deferred charges on refunding | (24,928) | |
| Issuance of debt | (27,559,000) | |
| Debt principal retirement | <u>13,128,284</u> | |
| | | (14,378,301) |

Certain expenditures are reported in governmental funds that reduce long-term liabilities for purpose of the statement of net position.

Change in estimated workers compensation (292,719)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

| | | |
|--|----------------|-------------------|
| (Increase) in net pension liability | (78,078,180) | |
| (Increase) in net OPEB liability | (28,895,280) | |
| Increase in deferred outflows of resources related to pensions | 24,416,048 | |
| (Decrease) in deferred outflows of resources related to OPEB | (25,959,027) | |
| Decrease in deferred inflows of resources related to pensions | 35,537,855 | |
| Decrease in deferred inflows of resources related to OPEB | 94,486,263 | |
| (Increase) in accrued interest payable | (18,995) | |
| Decrease in compensated absences | <u>124,445</u> | |
| | | <u>21,613,129</u> |

Change in net position of governmental activities **\$ 34,218,976**

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

**CITY OF LANSING
PROPRIETARY FUND FINANCIAL STATEMENTS**

Major Funds

Sewage Disposal System Fund - This fund accounts for the activities of sewage disposal services to the residents of the City.

Municipal Parking System Fund - This fund accounts for the operation of City-owned parking facilities.

Nonmajor Enterprise Funds and Internal Service Funds

Nonmajor enterprise funds and internal service funds are presented, by fund type, within the Combining and Individual Fund Financial Statements and Schedules section of this report as noted in the table of contents.

CITY OF LANSING
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|---|--------------------------|---------------------------|-----------------------|-------------------------|
| | Sewage Disposal System | Municipal Parking System | Nonmajor Enterprise Funds | Total | Internal Service Fund |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ - | \$ 3,188,257 | \$ 200 | \$ 3,188,457 | \$ - |
| Cash and cash equivalents - restricted | 2,441,780 | - | - | 2,441,780 | - |
| Equity in pooled cash and investments | 10,039,225 | - | 5,470,809 | 15,510,034 | 18,599,781 |
| Receivables, net | | | | | |
| Customers | 7,310,590 | 70,417 | 47,474 | 7,428,481 | 868,978 |
| Interest | 28,686 | 140,204 | - | 168,890 | - |
| Contracts | 682,232 | 280,391 | - | 962,623 | - |
| Due from other funds | 6,135,551 | - | - | 6,135,551 | - |
| Due from other governmental units | 26,101,046 | - | - | 26,101,046 | - |
| Inventories | 414,880 | - | 52,521 | 467,401 | 530,785 |
| Prepays | - | - | - | - | 1,507,562 |
| Total current assets | 53,153,990 | 3,679,269 | 5,571,004 | 62,404,263 | 21,507,106 |
| Noncurrent assets | | | | | |
| Contract receivable, net of current portion | 4,062,094 | 13,805,772 | - | 17,867,866 | - |
| Capital assets not being depreciated | 21,579,017 | 11,545,371 | 403,387 | 33,527,775 | 92,892 |
| Capital assets, net of accumulated depreciation | 299,039,021 | 9,170,031 | 1,665,549 | 309,874,601 | 9,230,319 |
| Total noncurrent assets | 324,680,132 | 34,521,174 | 2,068,936 | 361,270,242 | 9,323,211 |
| TOTAL ASSETS | 377,834,122 | 38,200,443 | 7,639,940 | 423,674,505 | 30,830,317 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred amounts on refunding | 829,129 | 3,133,669 | - | 3,962,798 | - |
| Deferred outflows of resources related to pensions | 1,288,429 | 403,000 | 764,358 | 2,455,787 | - |
| Deferred outflows of resources related to OPEB | 911,015 | 284,950 | 540,459 | 1,736,424 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 3,028,573 | 3,821,619 | 1,304,817 | 8,155,009 | - |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 6,153,736 | 101,647 | 257,335 | 6,512,718 | 1,472,854 |
| Accrued payroll | 129,895 | 53,061 | 9,548 | 192,504 | 380,021 |
| Deposit payable | - | 81,782 | - | 81,782 | - |
| Claims incurred but not reported | - | - | - | - | 1,500,000 |
| Accrued interest payable | 467,648 | 1,734,481 | - | 2,202,129 | 4,081 |
| Due to other funds | - | 1,867,157 | - | 1,867,157 | - |
| Current portion of compensated absences | 4,873 | 58,749 | 4,937 | 68,559 | 23,958 |
| Current portion of long-term obligations | 10,783,700 | 1,376,080 | - | 12,159,780 | 129,642 |
| Total current liabilities | 17,539,852 | 5,272,957 | 271,820 | 23,084,629 | 3,510,556 |
| Noncurrent liabilities | | | | | |
| Compensated absences, net of current portion | 494,265 | 68,668 | 251,741 | 814,674 | 929,226 |
| Bonds and notes payable, net of current portion | 73,590,940 | 29,168,330 | - | 102,759,270 | 1,036,287 |
| Net pension liability | 14,319,700 | 4,478,968 | 8,495,141 | 27,293,809 | - |
| Net other post-employment benefits liability | 7,890,161 | 2,467,913 | 4,680,826 | 15,038,900 | - |
| Total noncurrent liabilities | 96,295,066 | 36,183,879 | 13,427,708 | 145,906,653 | 1,965,513 |
| TOTAL LIABILITIES | 113,834,918 | 41,456,836 | 13,699,528 | 168,991,282 | 5,476,069 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows of resources related to pensions | 344,882 | 107,875 | 204,601 | 657,358 | - |
| Deferred inflows of resources related to OPEB | 3,198,995 | 1,000,593 | 1,897,800 | 6,097,388 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 3,543,877 | 1,108,468 | 2,102,401 | 6,754,746 | - |
| NET POSITION (DEFICIT) | | | | | |
| Net investment in capital assets | 237,072,527 | (6,695,339) | 2,068,936 | 232,446,124 | 8,157,282 |
| Restricted for bond reserves | 2,441,780 | - | - | 2,441,780 | - |
| Unrestricted | 23,969,593 | 6,152,097 | (8,926,108) | 21,195,582 | 17,196,966 |
| TOTAL NET POSITION (DEFICIT) | \$ 263,483,900 | \$ (543,242) | \$ (6,857,172) | \$ 256,083,486 | \$ 25,354,248 |

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

CITY OF LANSING
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|--------------------------|---------------------------|----------------|-------------------------|
| | Sewage Disposal System | Municipal Parking System | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 35,943,034 | \$ 5,101,852 | \$ 8,228,399 | \$ 49,273,285 | \$ 95,907,146 |
| Other | - | - | - | - | 58,951 |
| TOTAL OPERATING REVENUES | 35,943,034 | 5,101,852 | 8,228,399 | 49,273,285 | 95,966,097 |
| OPERATING EXPENSES | | | | | |
| Personnel services | (796,916) | 714,574 | 337,212 | 254,870 | 9,023,759 |
| Purchase of goods and services | 10,842,620 | 1,945,852 | 3,002,681 | 15,791,153 | 78,846,327 |
| Other services and charges | 24,005 | 4,650 | - | 28,655 | - |
| Depreciation | 9,898,880 | 2,067,069 | 87,874 | 12,053,823 | 2,109,769 |
| TOTAL OPERATING EXPENSES | 19,968,589 | 4,732,145 | 3,427,767 | 28,128,501 | 89,979,855 |
| OPERATING INCOME | 15,974,445 | 369,707 | 4,800,632 | 21,144,784 | 5,986,242 |
| NONOPERATING REVENUE (EXPENSES) | | | | | |
| Interest income (loss) | 199,619 | 493,047 | 5,996 | 698,662 | - |
| Gain on sale of capital assets | - | - | - | - | 134,526 |
| Interest expense and fees | (2,271,389) | (5,377,920) | (1,164) | (7,650,473) | (18,257) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (2,071,770) | (4,884,873) | 4,832 | (6,951,811) | 116,269 |
| NET INCOME (LOSS) BEFORE TRANSFERS | 13,902,675 | (4,515,166) | 4,805,464 | 14,192,973 | 6,102,511 |
| TRANSFERS IN | - | - | 625,000 | 625,000 | - |
| TRANSFERS OUT | - | - | (28,000) | (28,000) | - |
| TOTAL TRANSFERS | - | - | 597,000 | 597,000 | - |
| CHANGE IN NET POSITION | 13,902,675 | (4,515,166) | 5,402,464 | 14,789,973 | 6,102,511 |
| Net position (deficit), beginning of year | 249,581,225 | 3,971,924 | (12,259,636) | 241,293,513 | 19,251,737 |
| Net position (deficit), end of year | \$ 263,483,900 | \$ (543,242) | \$ (6,857,172) | \$ 256,083,486 | \$ 25,354,248 |

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

**CITY OF LANSING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022**

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|---|--------------------------------|---------------------------------|----------------------|------------------------------|
| | Sewage Disposal System | Municipal Parking System | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 35,694,501 | \$ 5,073,220 | \$ 7,920,320 | \$ 48,688,041 | \$ - |
| Cash received from interfund services provided | - | - | - | - | 96,437,134 |
| Cash received for intergovernmental services | - | 1,867,157 | - | 1,867,157 | - |
| Cash payments for goods and services | (40,762,997) | (2,409,008) | (2,799,158) | (45,971,163) | (78,250,045) |
| Cash payments to employees | (6,797,337) | (2,072,967) | (3,747,273) | (12,617,577) | (9,865,288) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (11,865,833) | 2,458,402 | 1,373,889 | (8,033,542) | 8,321,801 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers in | - | - | 625,000 | 625,000 | - |
| Transfers out | - | - | (28,000) | (28,000) | - |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | - | - | 597,000 | 597,000 | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Purchases of capital assets | (10,742,917) | (764,555) | - | (11,507,472) | (1,238,343) |
| Proceeds from sale of capital assets | - | - | - | - | 134,526 |
| Principal paid on long-term obligations | (11,257,046) | (2,593,907) | (118,343) | (13,969,296) | (233,466) |
| Interest and costs paid on long-term obligations | (2,273,838) | (888,185) | (1,744) | (3,163,767) | (19,222) |
| Proceeds from bond issuance | 636,023 | - | - | 636,023 | - |
| Payments received on contract receivable | 676,276 | - | - | 676,276 | - |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | (22,961,502) | (4,246,647) | (120,087) | (27,328,236) | (1,356,505) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest received (loss) | 199,619 | 570,133 | 5,996 | 775,748 | - |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (34,627,716) | (1,218,112) | 1,856,798 | (33,989,030) | 6,965,296 |
| Cash and cash equivalents, beginning of year | 47,108,721 | 4,406,369 | 3,614,211 | 55,129,301 | 11,634,485 |
| Cash and cash equivalents, end of year | <u>\$ 12,481,005</u> | <u>\$ 3,188,257</u> | <u>\$ 5,471,009</u> | <u>\$ 21,140,271</u> | <u>\$ 18,599,781</u> |

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

CONTINUED

CITY OF LANSING
STATEMENT OF CASH FLOWS (concluded)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|--------------------------|---------------------------|-----------------------|-------------------------|
| | Sewage Disposal System | Municipal Parking System | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Reconciliation of operating income to net cash provided (used) by operating activities | | | | | |
| Operating income | \$ 15,974,445 | \$ 369,707 | \$ 4,800,632 | \$ 21,144,784 | \$ 5,986,242 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | | | | |
| Depreciation | 9,898,880 | 2,067,069 | 87,874 | 12,053,823 | 2,109,769 |
| (Increase) decrease in: | | | | | |
| Accounts receivable | (248,533) | (28,632) | 16,834 | (260,331) | (465,036) |
| Due from other funds | (6,135,551) | - | - | (6,135,551) | - |
| Due from other governmental units | (26,101,046) | - | - | (26,101,046) | - |
| Inventories | (100,223) | - | (7,442) | (107,665) | (71,853) |
| Prepays | - | - | 136,484 | 136,484 | 461,705 |
| Deferred outflows of resources related to pensions | (469,042) | (173,722) | (307,305) | (950,069) | - |
| Deferred outflows of resources related to OPEB | 541,830 | 121,580 | 269,935 | 933,345 | - |
| Increase (decrease) in: | | | | | |
| Accounts payable | 2,440,448 | (470,988) | 74,481 | 2,043,941 | 206,510 |
| Accrued liabilities | 11,861 | 6,396 | 7,573 | 25,830 | 174,818 |
| Due to other funds | - | 1,867,157 | - | 1,867,157 | - |
| Unearned revenue | - | - | (324,913) | (324,913) | - |
| Deposits payable | - | 12,482 | - | 12,482 | - |
| Compensated absences | 46,819 | 109 | 16,148 | 63,076 | 54,646 |
| Claims incurred but not reported | - | - | - | - | (135,000) |
| Net pension liability | (744,158) | 263,852 | 92,549 | (387,757) | - |
| Net other post-employment benefits liability | (161,733) | 214,860 | 189,495 | 242,622 | - |
| Deferred inflows of resources related to pensions | (1,105,804) | (298,051) | (604,589) | (2,008,444) | - |
| Deferred inflows of resources related to OPEB | (5,714,026) | (1,493,417) | (3,073,867) | (10,281,310) | - |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ (11,865,833) | \$ 2,458,402 | \$ 1,373,889 | \$ (8,033,542) | \$ 8,321,801 |

**CITY OF LANSING
FIDUCIARY FUND FINANCIAL STATEMENTS**

Pension and Other Postemployment Benefit Trust Funds

Employee pension and other postemployment benefit trust funds accept payments made by the City, invest fund resources, calculate and pay pensions to retirees (or beneficiaries), and account for postemployment healthcare coverage.

Custodial Funds

54-A District Court accounts for resources held in a trustee or agent capacity. Current tax collections fund accounts for collections of property taxes and remittances of them to the appropriate authorities.

**CITY OF LANSING
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

| | Pension and Other Post- Employment Benefits Trust Funds | Custodial Funds |
|---------------------------------------|---|-----------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 19,016,071 | \$ - |
| Equity in pooled cash and investments | - | 19,834 |
| Investments | | |
| Mutual funds | 412,206,036 | - |
| Domestic equities | 111,504,339 | - |
| International equities | 2,482,097 | - |
| Emerging market equities | 23,967,273 | - |
| Money market funds | 8,379,585 | - |
| Receivables | | |
| Interest and dividends | 103,075 | - |
| Prepays | 1,725 | - |
| TOTAL ASSETS | 577,660,201 | 19,834 |
| LIABILITIES | | |
| Accounts payable | 490,838 | - |
| Due to other governmental units | 17,741,013 | - |
| Due to individuals and agencies | - | 19,834 |
| TOTAL LIABILITIES | 18,231,851 | 19,834 |
| NET POSITION RESTRICTED FOR: | | |
| Pension benefits | 447,622,594 | - |
| Other postemployment benefits | 111,805,756 | - |
| TOTAL NET POSITION | \$ 559,428,350 | \$ - |

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

**CITY OF LANSING
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

| | Pension and Other Post- Employment Benefits Trust Funds | Custodial Funds |
|--|---|--------------------|
| ADDITIONS TO NET POSITION | | |
| Collections from or on behalf of individuals | \$ - | \$ 383,590 |
| Collections of taxes for other governments | - | 126,026,215 |
| Miscellaneous | 10,942 | - |
| Investment income | | |
| Change in fair value of investments | (65,419,880) | - |
| Interest income (loss) | (693,809) | - |
| Investment expense | (778,859) | - |
| | <u>(66,881,606)</u> | <u>126,409,805</u> |
| Net investment income | | |
| | <u>(66,881,606)</u> | <u>126,409,805</u> |
| Contributions | | |
| Employer | 54,083,628 | - |
| Plan members | 4,368,664 | - |
| | <u>58,452,292</u> | <u>-</u> |
| Total contributions | | |
| | <u>58,452,292</u> | <u>-</u> |
| TOTAL ADDITIONS | <u>(8,429,314)</u> | <u>126,409,805</u> |
| DEDUCTIONS FROM NET POSITION | | |
| Payments to or on behalf of individuals | - | 383,590 |
| Payment of taxes collected for other governments | - | 126,026,215 |
| Participant benefits | 76,836,730 | - |
| Administrative expenses | 1,871,780 | - |
| | <u>78,708,510</u> | <u>126,409,805</u> |
| TOTAL DEDUCTIONS | <u>78,708,510</u> | <u>126,409,805</u> |
| CHANGE IN NET POSITION | (87,137,824) | - |
| Net position, beginning of year | <u>646,566,174</u> | <u>-</u> |
| Net position, end of year | <u>\$ 559,428,350</u> | <u>\$ -</u> |

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

COMPONENT UNITS

CITY OF LANSING
DISCRETELY PRESENTED COMPONENT UNITS

Discretely presented component units are entities that are legally separate from the City but for which the City is financially accountable, or their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The City has five discretely presented component units:

Brownfield Redevelopment Authority
Tax Increment Finance Authority
Saginaw Street Corridor Improvement Authority
Michigan Avenue Corridor Improvement Authority
Lansing Entertainment and Public Facilities Authority

CITY OF LANSING
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2022

| | Brownfield Redevelopment Authority | Tax Increment Finance Authority | Saginaw Street Corridor Improvement Authority | Michigan Avenue Corridor Improvement Authority | Lansing Entertainment and Public Facilities Authority | Total |
|--|--|---------------------------------------|--|---|---|------------------------|
| ASSETS | | | | | | |
| Current assets | | | | | | |
| Cash and cash equivalents | \$ 17,029,019 | \$ - | \$ 13,930 | \$ 77,610 | \$ 1,788,612 | \$ 18,909,171 |
| Equity in pooled cash and investments | - | 7,462,041 | 16,586 | 73,580 | - | 7,552,207 |
| Cash and cash equivalents - restricted | 3,791,897 | 1,225,747 | - | - | 80,000 | 5,097,644 |
| Receivables, net | 45,410 | - | - | - | 1,120,265 | 1,165,675 |
| Due from other governmental units | 114 | - | - | - | - | 114 |
| Inventories | - | - | - | - | 72,221 | 72,221 |
| Prepays | - | - | - | - | 62,598 | 62,598 |
| Total current assets | 20,866,440 | 8,687,788 | 30,516 | 151,190 | 3,123,696 | 32,859,630 |
| Noncurrent assets | | | | | | |
| Investments - restricted | - | 14,827 | - | - | - | 14,827 |
| Noncurrent portion of receivable, net | 100,487 | - | - | - | - | 100,487 |
| Capital assets, net of accumulated depreciation | - | - | - | - | 86,948 | 86,948 |
| Total noncurrent assets | 100,487 | 14,827 | - | - | 86,948 | 202,262 |
| TOTAL ASSETS | 20,966,927 | 8,702,615 | 30,516 | 151,190 | 3,210,644 | 33,061,892 |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Accounts payable | 3,754,884 | 229,460 | - | - | 575,777 | 4,560,121 |
| Accrued liabilities | - | - | - | - | 403,742 | 403,742 |
| Current portion of accrued interest payable | 269,576 | 9,178 | - | - | - | 278,754 |
| Due to other governmental units | 8,041,034 | - | - | - | - | 8,041,034 |
| Unearned revenue | - | - | - | - | 459,428 | 459,428 |
| Current portion of long-term obligations | 673,913 | 2,119,137 | - | - | 40,519 | 2,833,569 |
| Total current liabilities | 12,739,407 | 2,357,775 | - | - | 1,479,466 | 16,576,648 |
| Noncurrent liabilities | | | | | | |
| Noncurrent portion of long-term obligations | 38,783,885 | 40,271,324 | - | - | 20,565 | 79,075,774 |
| Accrued interest payable, net of current portion | - | 95,898 | - | - | - | 95,898 |
| Total noncurrent liabilities | 38,783,885 | 40,367,222 | - | - | 20,565 | 79,171,672 |
| TOTAL LIABILITIES | 51,523,292 | 42,724,997 | - | - | 1,500,031 | 95,748,320 |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| Deferred gain on refunding | - | 1,131,356 | - | - | - | 1,131,356 |
| NET POSITION (DEFICIT) | | | | | | |
| Net investment in capital assets | - | - | - | - | 25,864 | 25,864 |
| Restricted for capital projects | - | - | - | - | 80,000 | 80,000 |
| Restricted for redevelopment projects | 3,791,897 | 1,225,747 | - | - | - | 5,017,644 |
| Unrestricted | (34,348,262) | (36,379,485) | 30,516 | 151,190 | 1,604,749 | (68,941,292) |
| TOTAL NET POSITION (DEFICIT) | \$ (30,556,365) | \$ (35,153,738) | \$ 30,516 | \$ 151,190 | \$ 1,710,613 | \$ (63,817,784) |

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

CITY OF LANSING
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED JUNE 30, 2022

| | Brownfield Redevelopment Authority | Tax Increment Finance Authority | Saginaw Street Corridor Improvement Authority | Michigan Avenue Corridor Improvement Authority | Lansing Entertainment and Public Facilities Authority | Total |
|---|--|---------------------------------------|--|---|---|------------------------|
| EXPENSES | | | | | | |
| Brownfield redevelopment authority | \$ 17,427,056 | \$ - | \$ - | \$ - | \$ - | \$ 17,427,056 |
| Community development | - | (2,257,609) | - | - | - | (2,257,609) |
| Recreation and culture | - | - | - | - | 6,485,452 | 6,485,452 |
| TOTAL EXPENSES | 17,427,056 | (2,257,609) | - | - | 6,485,452 | 21,654,899 |
| PROGRAM REVENUES | | | | | | |
| Charges for services | - | - | - | - | 5,428,872 | 5,428,872 |
| Operating grants and contributions | 194,444 | - | - | - | 1,539,600 | 1,734,044 |
| TOTAL PROGRAM REVENUES | 194,444 | - | - | - | 6,968,472 | 7,162,916 |
| NET PROGRAM (EXPENSE) REVENUE | (17,232,612) | 2,257,609 | - | - | 483,020 | (14,491,983) |
| GENERAL REVENUES | | | | | | |
| Property taxes | 7,585,284 | 4,570,190 | 7,673 | 62,000 | - | 12,225,147 |
| Unrestricted investment earnings (loss) | 7,926 | (9,766) | - | - | - | (1,840) |
| Other | - | - | - | - | 680,163 | 680,163 |
| TOTAL GENERAL REVENUES | 7,593,210 | 4,560,424 | 7,673 | 62,000 | 680,163 | 12,903,470 |
| CHANGE IN NET POSITION | (9,639,402) | 6,818,033 | 7,673 | 62,000 | 1,163,183 | (1,588,513) |
| Net position (deficit), beginning of year | (20,916,963) | (41,971,771) | 22,843 | 89,190 | 547,430 | (62,229,271) |
| Net position (deficit), end of year | <u>\$ (30,556,365)</u> | <u>\$ (35,153,738)</u> | <u>\$ 30,516</u> | <u>\$ 151,190</u> | <u>\$ 1,710,613</u> | <u>\$ (63,817,784)</u> |

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

NOTES TO FINANCIAL STATEMENTS

CITY OF LANSING
INDEX - NOTES TO FINANCIAL STATEMENTS

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CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lansing (the “City”) was incorporated in 1859. In 1909, the City came under the provisions of Act 279, P.A. 1909, as amended (“Home Rule City Act”). The City operates under a strong Mayor form of government in which the Mayor is responsible for implementation and administration of City policy as established by City Council.

The accounting and reporting policies of the City conform in all material respects to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the standard setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB’s Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). Following is a summary of the significant policies:

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The financial data of the component units are included in the City’s reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Unit

A blended component unit is a legally separate entity from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and its financial data is combined with data of the appropriate funds. The City has one blended component unit, the Building Authority with a fiscal June 30 year-end. This component unit provides services primarily to benefit the City. The blended unit is described as follows:

The *City of Lansing Building Authority* (the “Authority”) was established by the City under Act 31, Michigan Public Acts of 1948. The Mayor, with the advice and consent of City Council, appoints the Authority’s governing body and designates management. The Authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of capital assets for the City only. The bonds are secured by lease agreements with the City and will be retired through lease payments from the City. The financial activity, assets, liabilities, and equity of the Authority are incorporated within the City’s Municipal Parking System enterprise fund.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the City but for which the City is financially accountable, or their relationship with the City is such that exclusion would cause the City’s financial statements to be misleading or incomplete. The discretely presented component units are as follows:

The *Lansing Brownfield Redevelopment Authority* (“LBRA”) was established by the City on August 17, 1997, under the authority contained in Act 381, Michigan Public Acts of 1996 (the “Act”). The Act authorizes the City to establish and to designate the boundaries of a Brownfield redevelopment zone. The Brownfield Redevelopment Authority is appointed by City Council to preside over such a zone, and it is authorized to promote the revitalization of environmentally distressed areas within the City of Lansing. The Act allows the LBRA to participate in a broad range of improvement activities intended to encourage the reuse of industrial and commercial property by offering economic incentives for redevelopment to prevent property value deterioration. Tax increment financing plans must be approved by the City.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Units (continued)

Tax increment financing permits the LBRA to capture tax revenues which are attributable to increases in the value of real and personal property located within an approved project area. Current activities of the LBRA include collections of property tax revenues on project areas for the Rite Aid Pharmacy and the former Motor Wheel Site Plant.

The *Tax Increment Finance Authority* ("TIFA") was established by the City under the authority contained in Act 450, Michigan Public Acts of 1981 ("Act 450"). Act 450 authorizes the City to designate specific districts within its corporate limits as TIFA districts. The TIFA presides over such districts, formulating plans for public improvements, economic development, neighborhood revitalization, and historic preservation within the districts. Act 450 allows the TIFA to participate in a broad range of improvement activities intended to contribute to economic growth and prevent property value deterioration. The TIFA's governing body is appointed by the Mayor with the advice and consent of the City Council. Bond issuances, to fund the above activities, are approved by the City Council and the legal liability for the debt remains with the City.

The *Saginaw Street Corridor Improvement Authority* ("SSCIA") was created in 2009 with the goals to correct and prevent deterioration in the business district, redevelop the city's commercial corridors and promote economic growth. The Authority followed several key principles that were used in the creation of the plan and are supported by the city's master plan to transform the visually unappealing character of the corridor, to encourage pedestrians and to market the quality of the adjacent neighborhoods. In 2019, the development and tax increment financing plans were approved and allow the Authority to begin its first steps in executing the vision set forth by the corridor's residents, businesses, and other stakeholders. The Authority's governing body is appointed by the Mayor with the advice and consent of the City Council. The Authority relies on tax increment revenues as available, along with grants and other revenues. If there are bond issuances to fund the above activities, they are approved by the City Council and the legal liability for the debt remains with the City.

The *Michigan Avenue Corridor Improvement Authority* ("MACIA") was created in 2009 with the goals to correct and prevent deterioration in the business district, redevelop the city's commercial corridors and promote economic growth. The Development and Tax Increment Financing plans arrange projects into three categories: public infrastructure, current and prevent deterioration, and promote neighborhood aligned economic growth. In 2019, the development and tax increment finance plans were approved and allow the Authority to begin its first steps in executing the vision set forth by the corridor's residents, businesses, and other stakeholders. The Authority's governing body is appointed by the Mayor with the advice and consent of the City Council. The Authority relies on tax increment revenues as available, along with grants and other revenues. If there are bond issuances to fund the above activities, they are approved by the City Council and the legal liability for the debt remains with the City.

The *Lansing Entertainment and Public Facilities Authority* ("LEPFA") was established under the charter of the City of Lansing, Michigan in February 1996, replacing the former Greater Lansing Convention/Exhibition Authority, which had been responsible for operating and managing the Lansing Center and the Lansing Civic Arena (the latter through the fiscal year ended June 30, 1995). LEPFA was established to oversee the management and operations of the Lansing Center, Center Park Productions, Grosbeck Golf Course, and the Jackson Field.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Units (concluded)

LEPFA is chartered as a building authority under the provisions of Act 31, Public Acts of Michigan, 1948. In the event of dissolution or termination of LEPFA, all assets and rights of the Authority shall revert to the City. LEPFA's Board of Commissioners consists of thirteen members appointed by the Mayor of the City of Lansing and approved by the City Council.

Component Unit Financial Statements

Complete financial statements for the following individual component units may be obtained from each entity's administrative offices. Because separately issued financial statements are readily available for these component units, detailed notes applicable to each Component Unit are not duplicated here in accordance with GASB 61.

City of Lansing Building Authority
8th Floor
124 West Michigan Avenue
Lansing, Michigan 48933

Brownfield Redevelopment Authority / Tax Increment Finance Authority
1000 S. Washington Avenue, Suite 201
Lansing, Michigan 48910

Lansing Entertainment and Public Facilities Authority
333 East Michigan Avenue
Lansing, Michigan 48933

For the SSCIA and the MACIA, these discretely presented component units financial statements are included in the City's audited financial statements and are not audited separately.

Fiduciary Component Unit

The Pension and Other Postemployment Benefits Trust Funds were established to account for the assets set aside to fund the City's pension and OPEB plans. The primary purpose of the Trusts are to provide the necessary funding for pension payments and retiree healthcare coverage provided to eligible City employees during retirement. The Trusts were established with a Board of Trustees made from individuals from the City, Council, retirement plans, and the public for each of the Employees' Retirement System and Police Officers' and Fire Fighters' Retirement System. The assets of the Trusts are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other activity prior to the satisfaction of all liabilities. The assets are protected from any of the City's creditors. The respective Boards of Trustees have the ability to exercise responsibility, specifically in the area of designation of management.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Venture

In 1998, the City entered into an agreement with Ingham County (the "County") to form the City of Lansing and County of Ingham Joint Building Authority (JBA) for the purpose of constructing and managing a building in downtown Lansing that houses the courts, prosecuting attorney, and other related departments. The JBA is governed by a three-member board composed of one member each appointed by the City and the County and one appointed jointly by the two units. Both the County and the City contribute cash and/or property to the JBA. Bonds were issued in 1999 by the JBA to provide the funding necessary to construct the building. Because the joint venture agreement does not provide an explicit contractual formula outlining the City's claim to the JBA's assets, it is considered to be a "joint venture with no equity interest" and accordingly, no amounts are reported in the accompanying financial statements for an equity interest. Financial information for the JBA may be obtained by writing the Ingham County Financial Services Division, P.O. Box 319, Mason, Michigan 48854.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues reported in the governmental funds to be available if they are collected within three months after year-end, except for income taxes that use a 45-day collection period, property taxes that use a 60-day collection period, and reimbursement-based grants that use one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following *major governmental funds*:

General Fund. This fund is the City's primary operating fund. It accounts for all the financial resources of the primary government, except those accounted for and reported in another fund.

State and Federal Grant Fund. This Special Revenue fund accounts for all revenues from intergovernmental grants and various contributions. These revenues are used for projects as detailed in individual grant applications.

CERA-MSHDA Grant Fund - This fund accounts for all revenues received from the CERA grant through the Michigan State Housing Development Authority. These revenues are used for projects as detailed in individual grant applications.

The City reports the following *major enterprise funds*:

Sewage Disposal System Fund. This fund accounts for the activities of the sewage disposal services to the residents of the City.

Municipal Parking System Fund. This fund accounts for the operation of City-owned parking facilities.

Additionally, the City reports the following *fund types*:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects that comprise or are expected to comprise a substantial portion of the fund's total reported inflows.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal, interest, and related costs.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (concluded)

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Enterprise Funds account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal Service Funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes operating a maintenance facility for trucks and equipment used by the Public Service Department, health care and self-insurance services, engineering, and information technology.

Pension and Other Postemployment Benefit Trust Funds account for the accumulation of resources to be used for retirement annuity payments to eligible full-time employees of the City, certain healthcare costs, and other postemployment benefit distributions.

The *Custodial Funds* accounts for resources held in a fiduciary capacity for the 54-A District Court, and property taxes collected and distributed to other governments.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Also, current internal balances between governmental activities and fiduciary activities have not been eliminated.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Restricted net position are amounts that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

Restricted cash consists of amounts required to be maintained separately in accordance with bond covenants or other restrictions limiting usage of amounts in certain accounts.

The City maintains an investment pool for all City funds. Each fund's portion of the investment pool is displayed on the statement of net position/balance sheet as "equity in pooled cash." The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in:

Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Bankers' acceptances of United States banks.

Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value.

Unrealized appreciation or depreciation on pension and other postemployment benefit trust fund investments due to changes in fair value are recognized each year.

Receivables/Payables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects and for capture property tax revenues not received by applicable component units as of year-end. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity (continued)

Receivables/Payables (concluded)

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Certain receivables in governmental funds consist of rehabilitation and redevelopment loans that are generally not expected or scheduled to be collected in the subsequent year.

Contract receivable consist of amounts collectible from local municipalities for which the City has irrevocably pledged its full faith and credit as collateral for certain construction and improvement bonds. In accordance with contractual agreements, these entities will provide all future amounts due for bond principal and accrued interest payable. The receivable has been reported as current based on the amounts to be collected next year to satisfy obligations.

Inventories and Prepaids

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In governmental funds, prepaid items are charged to expenditures using the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment, flowage rights, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since June 30, 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets having a useful life in excess of three years and whose costs exceed \$5,000 (\$100,000 for buildings). Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at their estimated acquisition cost as of the donation date.

In addition to land and construction in progress, the amount presented as capital assets not being depreciated includes intangible assets consisting of land development rights acquired for the purpose of farmland and ranch preservation. Land development rights are deemed to have an indefinite useful life, and therefore are not being amortized.

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity (continued)

Capital Assets (concluded)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the asset constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|-----------------|--------------|
| Buildings | 20-50 |
| Improvements | 8-50 |
| Equipment | 3-15 |
| Sanitary sewers | 50 |
| Flowage rights | 30 |
| Infrastructure | 10-75 |

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value. If it is determined that an impairment loss has occurred, the asset is written down to its net realizable value and a current charge to income is recognized.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports a deferred charge on advance bond refunding for the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports deferred outflows of resources for changes in expected and actual investments returns, assumptions, and benefits provided, related to the net pension and other postemployment benefit liabilities.

Compensated Absences

The City permits employees to accumulate earned but unused vacation and compensatory time benefits, subject to certain limitations. Certain bargaining unit employees are also permitted to accumulate earned but unused sick leave. All vacation and compensatory time pay and 50% of sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Unearned Revenue

Unearned revenue consists of amounts received prior to the delivery of goods/service or expenditure on allowable costs.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity (continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line basis. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial 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 assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources for changes in expected and actual investments returns, assumptions, and benefits provided, related to the net pension and other postemployment benefit liabilities when applicable.

Fund Balances

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. The City reports *assigned fund balance* for amounts that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. The City Council has not delegated the authority to assign fund balance. Unassigned fund balance is the residual classification for the General Fund. In other funds, the unassigned classification is used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned, when applicable.

When the City incurs an expenditure for purposes for which various fund balance classifications can be used, it is the City's policy to use restricted fund balance first, then committed, assigned, and finally unassigned.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity (concluded)

Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the City. Balances outstanding at year-end are reported as due to/from other funds. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all City departments and funds as transfers or operating revenue. All City funds record these payments to the internal service funds as transfers or operating expenditures/expenses.

Pension and Other Postemployment Benefit Plans

For purposes of measuring the net pension and other postemployment benefit liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plans and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City utilizes various investment instruments which are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the financial statements.

NOTE 2 - BUDGETARY INFORMATION

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before the fourth Monday in March, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- Public hearings are conducted to obtain taxpayer comments.
- Not later than the third Monday in May, the Council adopts a budget through passage of a resolution.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - BUDGETARY INFORMATION (concluded)

- The appropriated budget is prepared by fund, department, and the mandatory expenditure accounts as established by the State of Michigan's Uniform Chart of Accounts. Within the General Fund, the legal level of budgetary control is the mandatory expenditure accounts (personal services, supplies and operating expenses, capital outlay, debt service, transfers, and contingency) within each department. Within other funds, the legal level of budgetary control is the mandatory expenditure accounts (personal services, supplies and operating expenses, capital outlay, debt service, transfers, and contingency) within that fund. Transfers between appropriations (mandatory accounts) require City Council approval. An exception to City Council approval is allowed by City Charter for transfers between appropriations (mandatory accounts) for amounts less than five thousand dollars, but not in excess of 15% of the appropriation in cases where five thousand dollars exceeds 15% of the appropriation.

Copies of the City's separately issued budget report may be obtained from the Finance Department, 124 West Michigan Avenue, Lansing, Michigan 48933 or on the City's website at www.lansingmi.gov.

- The City formally adopts operating budgets for the General Fund and all special revenue funds.
- Budgetary integration is employed as a management control device during the year for all budgeted funds. Except for the General Fund, these budgets are adopted on a basis consistent with generally accepted accounting principles ("GAAP").
- Appropriations lapse at year-end for all annual budgets. Appropriations are automatically carried forward for project-type budgets.

NOTE 3 - DEFICIT FUND EQUITY

The Cemetery, Garbage and Rubbish Collection, and Recycling Enterprise Funds reported deficits in unrestricted net position of \$1,380,849, \$2,006,521, and \$5,657,833, respectively, primarily as a result of the recognition of net pension and net other postemployment benefit liabilities in these funds.

The Tax Increment Finance Authority and the Brownfield Redevelopment Authority component units reported deficits in unrestricted net position of \$36,379,485 and \$34,348,262, respectively at June 30, 2022. The deficits are a result of full-accrual accounting for long-term obligations, without reflecting a corresponding receivable for tax captures to be received in future periods (which cannot be accrued in accordance with generally accepted accounting principles).

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances for the primary government and component units (including both pooled cash and investments as well as pension and other postemployment benefit (OPEB) trust fund balances) as of June 30, 2022:

| | Primary Government | Component Units | Fiduciary Funds | Reporting Entity |
|--|-----------------------|----------------------|-----------------------|-----------------------|
| Cash and cash equivalents | \$ 47,518,640 | \$ 18,909,171 | \$ 19,016,071 | \$ 85,443,882 |
| Equity in pooled cash and investments | 78,948,106 | 7,552,207 | 19,834 | 86,520,147 |
| Cash and cash equivalents - restricted | 5,434,234 | 5,097,644 | - | 10,531,878 |
| Investments | - | 14,827 | 558,539,330 | 558,554,157 |
| | <u>\$ 131,900,980</u> | <u>\$ 31,573,849</u> | <u>\$ 577,575,235</u> | <u>\$ 741,050,064</u> |

Deposits and investments

Bank deposits

| | |
|--|---------------|
| Checking/savings accounts - Pension & OPEB related - nonpooled | \$ 19,016,071 |
| Checking/savings accounts - City-wide accounts - all other | 141,491,380 |

Investment in securities and mutual funds

| | |
|--|----------------|
| Pooled investments | 20,984,559 |
| Employees' retirement system investments | 187,317,505 |
| Police and fire retirement system investments | 331,499,331 |
| Employees' money purchase pension plan investments | 4,549,579 |
| Retiree health care VEBA investments | 35,172,914 |
| Tax increment finance authority investments - pooled investments | <u>860,565</u> |

Total investment in securities and mutual funds 740,891,904

Cash on hand 158,159

Total \$ 741,050,063

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. State law does not require, and the City does not have a policy for deposit custodial credit risk. As of year-end, \$160,017,893 of the City's bank balance of \$162,812,593 was exposed to custodial credit risk because it was uninsured and uncollateralized. The book balance of all deposits (other than pension & OPEB related) was \$160,507,451.

The City's investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the City does not have a policy for investment custodial credit risk. On the investments listed above, there is no custodial credit risk, as these investments are uncategorized as to credit risk. Disclosure related to the TIFA pooled investment are described in their separately issued, readily available financial statements so they are not presented here in accordance with GASB 61.

Credit Risk

State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, are summarized as follows:

| | |
|-----------------------------------|-----------------------------|
| S&P AAAM | \$ 5,013,204 |
| A | 3,250,611 |
| BBB | 11,617,629 |
| Not rated | 850,722 |
| Assets not subject to credit risk | <u>252,393</u> |
| | <u><u>\$ 20,984,559</u></u> |

Interest Rate Risk

State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. For investments held at year end maturities are as follows:

| | |
|-------------------|-----------------------------|
| Due within 1 year | \$ 20,304,264 |
| 1-5 years | 429,212 |
| No maturity | <u>251,083</u> |
| | <u><u>\$ 20,984,559</u></u> |

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as determined by the City's investment advisors. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Debt securities are valued by the City's investment custodian using independent pricing services based on the type of asset. The pricing services may use valuation models or matrix pricing, which consider: (a) benchmark yields, (b) reported trades, (c) broker/dealer quotes, (d) benchmark securities, (e) bids or offers, and (f) reference data. The City's level 2 investments as noted in the table below are valued using significant other observable inputs of the underlying securities.

| INVESTMENT TYPE | Level 1 | Level 2 | Level 3 | Total |
|---|-------------------|----------------------|-------------|----------------------|
| U.S. treasuries | \$ - | \$ 850,722 | \$ - | \$ 850,722 |
| Commercial paper | - | 14,868,240 | - | 14,868,240 |
| Money market funds | 252,393 | - | - | 252,393 |
| | <u>\$ 252,393</u> | <u>\$ 15,718,962</u> | <u>\$ -</u> | <u>15,971,355</u> |
| Investments carried at net asset value | | | | |
| Michigan CLASS government investment pool | | | | <u>5,013,204</u> |
| | | | | <u>\$ 20,984,559</u> |

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient. It has a rating of AAAM from Standard and Poor's with a weighted average maturity of 36 days.

At year end, the net asset value of the City's investment in Michigan CLASS was \$5,013,204. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Pension and Other Postemployment Benefit Trust Funds

The deposits and investments of the City's pension and other postemployment benefit trust funds are maintained separately from the City's pooled cash and investments and are subject to separate investment policies and State statutes. Accordingly, the required disclosures for the pension and OPEB deposits and investments are presented separately.

Deposits

The pension and OPEB trust funds maintain demand deposit accounts and equity in pooled cash to handle operational transactions. The book balance of such deposits totaled \$19,016,071 at year end.

Investments

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the pension trust funds to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The retirement boards have the responsibility and authority to oversee the investment portfolio. Various professional investment managers are contracted to assist in managing the pension trust funds' assets. All investment decisions are subject to Michigan law and the investment policy established by the retirement boards.

The investments of each pension trust fund are held in a bank administered trust fund. Following is a summary of pension and other postemployment benefits investments as of June 30, 2022:

| | Employees' Retirement System | Police and Fire Retirement System | Employees' Money Purchase Pension Plan | Retiree Health Care VEBA | Totals |
|--|------------------------------------|---|--|--------------------------------|-----------------------|
| Domestic corporate security mutual funds | \$ 13,552,775 | \$ 28,565,101 | \$ - | \$ - | \$ 42,117,876 |
| Domestic equities | | | | | |
| Not on securities loan | 28,621,067 | 56,336,367 | - | - | 84,957,434 |
| On securities loan | 10,018,259 | 16,528,646 | - | - | 26,546,905 |
| International equities | | | | | |
| Not on securities loan | 461,659 | 916,956 | - | - | 1,378,615 |
| On securities loan | 421,278 | 682,204 | - | - | 1,103,482 |
| Emerging markets equities | 8,323,496 | 14,668,603 | - | 975,174 | 23,967,273 |
| Real estate investment mutual funds | 23,302,794 | 31,408,488 | - | - | 54,711,282 |
| International equity mutual funds | 77,957,940 | 136,832,026 | 206,392 | 3,788,033 | 218,784,391 |
| Domestic equity mutual funds | 20,421,271 | 41,676,467 | 3,664,310 | 14,306,474 | 80,068,522 |
| Domestic debt securities mutual funds | - | - | 678,877 | 15,845,088 | 16,523,965 |
| Money market funds | 4,236,966 | 3,884,473 | - | 258,146 | 8,379,585 |
| | <u>\$ 187,317,505</u> | <u>\$ 331,499,331</u> | <u>\$ 4,549,579</u> | <u>\$ 35,172,915</u> | <u>\$ 558,539,330</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

The City's pension investment policies provide that at least 90% of its investments in fixed income securities be rated BBB- or better by a nationally recognized statistical rating organization and the remaining 10% be rated at least B- or better. The City's pension and other postemployment benefits investments were rated by Standard & Poor's as follows:

| | Employees' Retirement System | Police and Fire Retirement System | Employees' Money Purchase Pension Plan | Retiree Health Care VEBA | Totals |
|-----------------------------------|------------------------------------|---|--|--------------------------------|-----------------------|
| AAA | \$ - | \$ - | \$ 622,856 | \$ 9,208,123 | \$ 9,830,979 |
| S&P AAAm | - | - | - | 258,147 | 258,147 |
| AA | - | - | 663 | 679,193 | 679,856 |
| A | - | - | - | 1,358,252 | 1,358,252 |
| BBB | - | - | 55,358 | 3,112,564 | 3,167,922 |
| BB | - | - | - | 772,990 | 772,990 |
| B | - | - | - | 198,687 | 198,687 |
| Not rated | 17,789,741 | 32,449,574 | - | 515,279 | 50,754,594 |
| Assets not subject to credit risk | 169,527,764 | 299,049,757 | 3,870,702 | 19,069,680 | 491,517,903 |
| | <u>\$ 187,317,505</u> | <u>\$ 331,499,331</u> | <u>\$ 4,549,579</u> | <u>\$ 35,172,915</u> | <u>\$ 558,539,330</u> |

Custodial Credit Risk

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's pension investment policies require that investment securities be held in trust by a third-party institution in the name of the pension trust fund. As such, although uninsured and unregistered, the City's pension investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in the name of the pension trust fund. Short-term investments in money market funds and open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies. The City's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

The City's pension and other postemployment benefits investment policies require diversification of fixed income securities; however, they do not specify percentages of dollar amounts by industry or issuer.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The pension and other postemployment benefits trusts' exposure to foreign currency risk is as follows:

| | Employees' Retirement System | Police and Fire Retirement System | Employees' Money Purchase Pension Plan | Retiree Health Care VEBA | Totals |
|----------------------------|------------------------------------|---|--|--------------------------------|-----------------------|
| International equities | | | | | |
| Canada | \$ 531,823 | \$ 933,790 | \$ - | \$ - | \$ 1,465,613 |
| Italy | 14,495 | 29,357 | - | - | 43,852 |
| United Kingdom | 87,014 | 176,473 | - | - | 263,487 |
| France | 122,397 | 243,034 | - | - | 365,431 |
| Israel | 127,208 | 216,506 | - | - | 343,714 |
| International mutual funds | 77,957,940 | 136,832,026 | 206,392 | 3,788,033 | 218,784,391 |
| | <u>\$ 78,840,877</u> | <u>\$ 138,431,186</u> | <u>\$ 206,392</u> | <u>\$ 3,788,033</u> | <u>\$ 221,266,488</u> |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City's pension investment policies provide that the average duration of fixed income securities shall not deviate from the Lehman Brothers Aggregate Index duration by +/-20%. As of June 30, 2022, maturities of the City's pension and other postemployment benefits trust debt securities, money market funds, and collateralized mortgage obligations were as follows:

Employee Retirement System

| | |
|--|----------------------|
| Fixed income investments with no maturity | |
| Domestic corporate securities mutual funds | \$ 13,552,775 |
| Money market funds | <u>4,236,966</u> |
| | <u>\$ 17,789,741</u> |

Police and Fire Retirement System

| | |
|--|----------------------|
| Fixed income investments with no maturity | |
| Domestic corporate securities mutual funds | \$ 28,565,101 |
| Money market funds | <u>3,884,473</u> |
| | <u>\$ 32,449,574</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk (concluded)

Employees' Money Purchase Pension Plan

| | Investment Maturities (fair value by years) | | | | Total |
|---------------------------------------|---|------------|------------|--------------|------------|
| | Less than 1 | 1-5 | 6-10 | More than 10 | |
| Domestic debt securities mutual funds | \$ - | \$ 483,225 | \$ 195,652 | \$ - | \$ 678,877 |

Retiree Healthcare VEBA

| | Investment Maturities (fair value by years) | | | | Total |
|---------------------------------------|---|---------------|--------------|--------------|---------------|
| | Less than 1 | 1-5 | 6-10 | More than 10 | |
| Domestic debt securities mutual funds | \$ - | \$ 10,531,989 | \$ 5,313,099 | \$ - | \$ 15,845,088 |

Securities Lending

Under contracts approved by the City, the pension and other postemployment benefits trust funds are permitted to lend their securities to broker-dealers and banks (borrowers) for collateral that will be returned for the same securities in the future. The pension trust and other postemployment benefits funds' custodial banks manage the securities lending programs and receive cash as collateral. Collateral cash is initially pledged at 100% of the fair value of the securities lent and may not fall below 95% of the market value of the loaned security during the term of the loan. At all times, collateral cannot be more than \$100,000 less than the market value of the loaned security. There are no restrictions on the amount of securities that can be loaned.

Securities on loan at year-end are classified in the preceding schedule of custodial credit risk according to the category for the collateral received on the securities lent. At year-end, the pension trust funds have no credit risk exposure to borrowers because the collateral held by the custodians exceeds the market value of the related securities lent. At June 30, 2022, the fair value of securities on loan by the Employees' Retirement System and the Police and Fire Retirement System were \$10,439,537 and \$17,210,850, respectively, for which the Plans' received cash collateral of \$10,797,687 and \$17,757,478, respectively. The contract with the pension and other postemployment benefits trust fund custodians require them to indemnify the City if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the City for income distributions by the securities' issuers while the securities are on loan.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as determined by the City's investment advisors. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Debt securities are valued by the Plans' investment custodian using independent pricing services based on the type of asset. The pricing services may use valuation models or matrix pricing, which consider: (a) benchmark yields, (b) reported trades, (c) broker/dealer quotes, (d) benchmark securities, (e) bids or offers, and (f) reference data. Asset-backed and mortgage-backed securities funds are valued based on the future cash flows of the principal and interest payments of the underlying collateral of mortgages on various assets. The Plans' level 2 investments as noted in the tables below are valued using significant other observable inputs of the underlying securities.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The City has the following recurring fair value measurements as of June 30, 2022:

Employee Retirement System

| INVESTMENT TYPE | Level 1 | Level 2 | Level 3 | Total |
|--|-----------------------|----------------------|-------------|-----------------------|
| Domestic equities | \$ 38,639,326 | \$ - | \$ - | \$ 38,639,326 |
| International equities | 882,937 | - | - | 882,937 |
| Emerging market equities | 8,323,496 | - | - | 8,323,496 |
| Mutual funds | 111,931,986 | 11,319,855 | - | 123,251,841 |
| Money market funds | 4,236,966 | - | - | 4,236,966 |
| | <u>\$ 164,014,711</u> | <u>\$ 11,319,855</u> | <u>\$ -</u> | 175,334,566 |
| Investments carried at net asset value | | | | |
| Real estate investment trusts | | | | <u>11,982,939</u> |
| | | | | <u>\$ 187,317,505</u> |

Police and Fire Retirement System

| INVESTMENT TYPE | Level 1 | Level 2 | Level 3 | Total |
|--|-----------------------|----------------------|-------------|-----------------------|
| Domestic equities | \$ 72,865,013 | \$ - | \$ - | \$ 72,865,013 |
| International equities | 1,599,160 | - | - | 1,599,160 |
| Emerging market equities | 14,668,603 | - | - | 14,668,603 |
| Mutual funds | 186,254,666 | 16,298,214 | - | 202,552,880 |
| Money market funds | 3,884,473 | - | - | 3,884,473 |
| | <u>\$ 279,271,915</u> | <u>\$ 16,298,214</u> | <u>\$ -</u> | 295,570,129 |
| Investments carried at net asset value | | | | |
| Real estate investment trusts | | | | 15,110,275 |
| International equity mutual funds | | | | <u>20,818,927</u> |
| | | | | <u>\$ 331,499,331</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS (concluded)

Fair Value Measurement (concluded)

Net Asset Value Investments - Certain investments noted above are carried at net asset value as these are not actively traded. The fair value is estimated based on the dollar value per share as of June 30, 2022. These investments are able to be liquidated as needed, to the extent there is a willing buyer in the market. There are not any restrictions related to the sale of these investments. At June 30, 2022, the City has \$1,226,639 outstanding on initial commitments of \$4,300,000 with the Invesco Mortgage Recovery Fund (the "Fund"). The Fund has a seven-year life, and the intent is to sell all of the investments prior to the Fund's maturity. The other investments at net asset value do not contain required redemption periods.

Employees' Money Purchase Pension Plan

| INVESTMENT TYPE | Level 1 | Level 2 | Level 3 | Total |
|-----------------|--------------|---------|---------|--------------|
| Mutual funds | \$ 4,549,579 | \$ - | \$ - | \$ 4,549,579 |

Retiree Healthcare VEBA

| INVESTMENT TYPE | Level 1 | Level 2 | Level 3 | Total |
|--------------------------|----------------------|-------------|-------------|----------------------|
| Emerging market equities | \$ 975,174 | \$ - | \$ - | \$ 975,174 |
| Mutual funds | 33,939,594 | - | - | 33,939,594 |
| Money market funds | 258,146 | - | - | 258,146 |
| | <u>\$ 35,172,914</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 35,172,914</u> |

NOTE 5 - RECEIVABLES

Receivables are comprised of the following:

| | Governmental Activities | Business-type Activities | Component Units |
|---|----------------------------|-----------------------------|---------------------|
| Accounts receivable | \$ 22,797,917 | \$ 7,438,481 | \$ 1,145,545 |
| Taxes receivable | 1,086,572 | - | - |
| Special assessments receivable | 10,714,739 | - | - |
| Loans receivable | 1,216,880 | - | 145,897 |
| Contracts receivable | 1,322,060 | - | - |
| Accrued interest receivable | 2,350,196 | 168,890 | - |
| Due from other governments | 22,567,378 | 26,101,046 | 114 |
| Contract receivable | - | 18,830,489 | - |
| Allowance for uncollectable accounts | <u>(399,500)</u> | <u>(10,000)</u> | <u>(25,280)</u> |
| | <u>\$ 61,656,242</u> | <u>\$ 52,528,906</u> | <u>\$ 1,266,276</u> |
| Amount not expected to be collected within one year | <u>\$ 19,718,161</u> | <u>\$ 17,867,866</u> | <u>\$ 100,487</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

| | Balance July 1, 2021 | Additions/ Reclassifications | Deletions/ Reclassifications | Balance June 30, 2022 |
|--------------------------------------|-------------------------|---------------------------------|---------------------------------|--------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 25,435,297 | \$ - | \$ - | \$ 25,435,297 |
| Construction in process | 9,113,448 | 15,071,940 | (656,760) | 23,528,628 |
| Subtotal | 34,548,745 | 15,071,940 | (656,760) | 48,963,925 |
| Capital assets being depreciated | | | | |
| Land improvements | 28,722,283 | 231,611 | - | 28,953,894 |
| Equipment and vehicles | 43,995,848 | 1,855,453 | (1,434,444) | 44,416,857 |
| Buildings | 136,413,057 | 1,923,384 | - | 138,336,441 |
| Flowage rights | 20,032,880 | - | - | 20,032,880 |
| Infrastructure | 314,769,874 | 4,541,961 | - | 319,311,835 |
| Subtotal | 543,933,942 | 8,552,409 | (1,434,444) | 551,051,907 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (14,849,775) | (1,178,107) | - | (16,027,882) |
| Equipment and vehicles | (36,256,665) | (2,433,602) | 1,383,689 | (37,306,578) |
| Buildings | (99,745,479) | (4,399,245) | - | (104,144,724) |
| Flowage rights | - | (667,763) | - | (667,763) |
| Infrastructure | (228,712,425) | (5,313,727) | - | (234,026,152) |
| Subtotal | (379,564,344) | (13,992,444) | 1,383,689 | (392,173,099) |
| Net capital assets being depreciated | 164,369,598 | (5,440,035) | (50,755) | 158,878,808 |
| Capital assets, net | <u>\$ 198,918,343</u> | <u>\$ 9,631,905</u> | <u>\$ (707,515)</u> | <u>\$ 207,842,733</u> |

At June 30, 2022, the City's governmental activities had outstanding commitments through construction contracts of approximately \$44,101,000.

Depreciation expense was charged to the following governmental activities:

| | |
|--|----------------------|
| Depreciation of governmental activities by function | |
| General government | \$ 1,043,526 |
| Public safety | 753,597 |
| Public works | 5,409,502 |
| Recreation and culture | 3,074,404 |
| Community and economic development | 1,601,646 |
| Internal service fund | 2,109,769 |
| Total depreciation expense - governmental activities | <u>\$ 13,992,444</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (concluded)

| | Balance July 1, 2021 | Additions/ Reclassifications | Deletions/ Reclassifications | Balance June 30, 2022 |
|--------------------------------------|-------------------------|---------------------------------|---------------------------------|--------------------------|
| Business-Type Activities | | | | |
| Capital assets not being depreciated | | | | |
| Land | \$ 12,369,507 | \$ - | \$ - | \$ 12,369,507 |
| Construction in progress | 31,640,552 | 10,403,508 | (20,885,792) | 21,158,268 |
| Subtotal | 44,010,059 | 10,403,508 | (20,885,792) | 33,527,775 |
| Capital assets being depreciated | | | | |
| Land improvements | 30,077,106 | - | - | 30,077,106 |
| Equipment and vehicles | 10,299,319 | 577,259 | - | 10,876,578 |
| Buildings | 193,558,507 | 1,330,617 | - | 194,889,124 |
| Sewers | 344,735,339 | 20,081,880 | - | 364,817,219 |
| Subtotal | 578,670,271 | 21,989,756 | - | 600,660,027 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (27,157,621) | (573,902) | - | (27,731,523) |
| Equipment and vehicles | (7,532,817) | (433,140) | - | (7,965,957) |
| Buildings | (121,006,399) | (4,045,371) | - | (125,051,770) |
| Sewers | (123,034,766) | (7,001,410) | - | (130,036,176) |
| Subtotal | (278,731,603) | (12,053,823) | - | (290,785,426) |
| Net capital assets being depreciated | 299,938,668 | 9,935,933 | - | 309,874,601 |
| Capital assets, net | <u>\$ 343,948,727</u> | <u>\$ 20,339,441</u> | <u>\$ (20,885,792)</u> | <u>\$ 343,402,376</u> |

At June 30, 2022, the City's business-type activities had outstanding commitments through construction contracts of approximately \$1,679,000.

Depreciation expense was charged to the following business-type activities:

| | |
|---|----------------------|
| Depreciation of business-type activities by function | |
| Sewage disposal system | \$ 9,898,880 |
| Municipal parking system | 2,067,069 |
| Cemetery | 9,827 |
| Golf | 72,681 |
| Recycling | 5,366 |
| Total depreciation expense - business-type activities | <u>\$ 12,053,823</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

| | Governmental Activities | Business-type Activities | Component Units |
|----------------------------------|----------------------------|-----------------------------|----------------------|
| Accounts payable | \$ 16,329,860 | \$ 6,512,718 | \$ 4,560,121 |
| Accrued payroll | 3,402,638 | 192,504 | - |
| Deposits payable | - | 81,782 | - |
| Due to other governments | 1,770,692 | - | 8,041,034 |
| Claims incurred but not reported | 1,500,000 | - | - |
| Other | 2,084,981 | - | 403,742 |
| | <u>\$ 25,088,171</u> | <u>\$ 6,787,004</u> | <u>\$ 13,004,897</u> |

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances of the primary government as of June 30, 2022, was as follows:

Due to and from primary government funds

| | |
|-----------------------------------|---------------------|
| Due to Sewer Disposal System Fund | |
| Municipal Parking System fund | \$ 1,867,157 |
| State & Federal Grant fund | 3,738,427 |
| CERA - MSHDA fund | 51,133 |
| Nonmajor governmental funds | <u>478,834</u> |
| | <u>\$ 6,135,551</u> |

The above balance generally resulted from a time lag between the dates that interfund goods and services were provided or reimbursable expenditures occur, transactions were recorded in the accounting system, and payments between funds were made.

For the year ended June 30, 2022, interfund transfers consisted of the following:

| | |
|--|-------------------|
| Transfers to General Fund from: | |
| Nonmajor governmental funds (1) | <u>\$ 100,000</u> |
| Transfers to State and Federal Grants Fund from: | |
| General fund (3) | <u>\$ 235,859</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (concluded)

| | |
|--|---------------------|
| Transfers to nonmajor governmental funds from: | |
| General fund (3) | \$ 5,847,000 |
| Nonmajor enterprise funds (2) | 28,000 |
| Nonmajor governmental funds (1)(2) | <u>4,000,000</u> |
| | <u>\$ 9,875,000</u> |
| Transfers to nonmajor enterprise funds from: | |
| Nonmajor governmental funds (2) | <u>\$ 625,000</u> |

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them to assist in covering specific outlays or general operational costs as applicable; (2) move receipts restricted to or allowed for debt service or capital projects from the funds collecting the receipts to the respective fund as debt service payments become due or capital outlay is constructed; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9 - LONG-TERM OBLIGATIONS

General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 30-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

| | Issuance Date | Interest Rates | Original Amount | Balance July 1, 2021 | Additions/ (Deletions) | Balance June 30, 2022 | Amounts Due Within One Year |
|--|------------------|-------------------|--------------------|-------------------------|---------------------------|--------------------------|-----------------------------------|
| Governmental Activities | | | | | | | |
| 2013 Energy Efficiency Refunding Bonds - Limited Tax | 1/15/2013 | 2.40% | \$ 5,645,000 | \$ 655,000 | \$ (655,000) | \$ - | \$ - |
| 2010 Recovery Zone Economic Development Bonds | 12/13/2010 | 3.40%-7.25% | 3,200,000 | - | - | - | - |
| 2015 Lansing Center Refunding Bonds - Limited Tax | 12/17/2015 | 2.00%-3.00% | 1,770,000 | 310,000 | (310,000) | - | - |
| 2018 Michigan Transportation Fund Bonds | 9/12/2018 | 3.50% | 1,665,000 | 570,000 | (570,000) | - | - |
| 2019 General Obligation Refunding - Limited Tax ⁽¹⁾ | 4/10/2019 | 3.00%-4.00% | 6,938,699 | 6,390,300 | (561,000) | 5,829,300 | 576,300 |
| 2021 Capital Improvement Bonds, Series 2021 (LTGO) | 12/21/2021 | 2.15% | 4,490,000 | - | 4,185,000 | 4,185,000 | 260,000 |
| Montgomery Drain District - Series 2020A G.O. Bonds ⁽³⁾ | 9/8/2020 | 3.00% | <u>20,032,880</u> | <u>20,032,880</u> | <u>(417,880)</u> | <u>19,615,000</u> | <u>370,000</u> |
| Total Governmental Activities | | | <u>43,741,579</u> | <u>27,958,180</u> | <u>1,671,120</u> | <u>29,629,300</u> | <u>1,206,300</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

General Obligation Bonds (concluded)

| | Issuance Date | Interest Rates | Original Amount | Balance July 1, 2021 | Additions/ (Deletions) | Balance June 30, 2022 | Amounts Due Within One Year |
|--|------------------|-------------------|-----------------------|-------------------------|---------------------------|--------------------------|-----------------------------------|
| Business-type Activities | | | | | | | |
| 2009 Building Authority Refunding Bonds - Limited Tax | 11/9/2009 | 6.25%-6.85% | 8,161,691 | 1,905,641 | (763,908) | 1,141,733 | 711,080 |
| 2014 Building Authority Refunding Bonds - Limited Tax | 3/21/2014 | 4.75% | 7,245,000 | - | - | - | - |
| 2015 Building Authority Refunding Bonds - Limited Tax | 12/17/2015 | 2.00%-3.00% | 6,765,000 | 1,185,000 | (1,185,000) | - | - |
| 2017 Building Authority Refunding Bonds - Limited Tax | 12/11/2017 | 3.305%-4.075% | 10,805,000 | 10,805,000 | - | 10,805,000 | - |
| 2020 Building Authority Refunding Bonds - Limited Tax | 8/13/2020 | 0.621%-2.793% | 8,735,000 | 8,635,000 | (100,000) | 8,535,000 | 100,000 |
| 2000 Limited Tax Sewer Bond - 5005-12 | 3/30/2000 | 2.50% | 9,447,830 | - | - | - | - |
| 2001 Limited Tax Sewer Bond - 5005-13 | 3/29/2001 | 2.50% | 10,573,046 | 648,046 | (648,046) | - | - |
| 2002 Limited Tax Sewer Bond - 5005-14 | 3/28/2002 | 2.50% | 12,381,131 | 2,226,131 | (725,000) | 1,501,131 | 740,000 |
| 2003 Limited Tax Sewer Bond - 5005-15 | 3/27/2003 | 2.50% | 10,145,688 | 2,420,688 | (585,000) | 1,835,688 | 605,000 |
| 2004 Limited Tax Sewer Bond - 5005-16 | 3/25/2004 | 2.125% | 3,842,649 | 1,092,649 | (210,000) | 882,649 | 215,000 |
| 2005 Limited Tax Sewer Bond - 5005-17 | 3/25/2004 | 2.125% | 8,003,778 | 2,248,778 | (435,000) | 1,813,778 | 445,000 |
| 2005 Limited Tax Sewer Bond - 5005-18 | 3/34/2005 | 1.625% | 13,389,371 | 4,069,371 | (680,000) | 3,389,371 | 680,000 |
| 2006 Limited Tax Sewer Bond - 5005-19 | 3/30/2006 | 1.625% | 18,216,346 | 6,811,346 | (950,000) | 5,861,346 | 960,000 |
| 2007 Limited Tax Sewer Bond - 5005-20 | 3/29/2007 | 1.625% | 24,244,726 | 10,109,726 | (1,225,000) | 8,884,726 | 1,250,000 |
| 2008 Limited Tax Sewer Bond - 5005-21 | 4/1/2008 | 2.50% | 27,494,933 | 13,995,453 | (1,405,000) | 12,590,453 | 1,440,000 |
| 2008 Limited Tax Sewer Bond - 5005-22 | 4/17/2009 | 2.50% | 14,455,604 | 8,765,604 | (700,000) | 8,065,604 | 720,000 |
| 2010 Limited Tax Sewer Bond - 5411-01 | 1/22/2010 | 2.50% | 8,548,000 | 5,538,000 | (415,000) | 5,123,000 | 420,000 |
| 2015 Limited Tax Sewer Bond - 5211-01 | 4/9/2014 | 2.50% | 3,372,405 | 2,527,405 | (155,000) | 2,372,405 | 155,000 |
| 2015 Limited Tax Sewer Bond - 5211-02 | 7/9/2014 | 2.50% | 1,977,487 | 1,620,065 | (100,000) | 1,520,065 | 100,000 |
| 2016 Limited Tax Sewer Bond - 5581-01 | 4/11/2016 | 2.50% | 1,309,872 | 2,811,310 | (135,000) | 2,676,310 | 140,000 |
| 2019 Limited Tax Sewer Bond - 5005-23 ⁽⁴⁾ | 4/10/2018 | 2.00% | 9,395,000 | 7,856,804 | 241,023 | 8,097,827 | 400,000 |
| 2019 Limited Tax Sewer Bond - 5672-01 ⁽²⁾ | 6/7/2019 | 2.00% | 56,280 | 4,514,105 | (405,000) | 4,109,105 | 410,000 |
| 2019 General Obligation Refunding - Limited Tax - Sewer ⁽¹⁾ | 4/10/2019 | 3.00%-4.00% | 7,681,301 | 6,139,700 | (539,000) | 5,600,700 | 553,700 |
| 2020 CIB & Refunding Bonds - Municipal Parking | 8/13/2020 | 3.00%-5.00% | 9,405,000 | 9,235,000 | (545,000) | 8,690,000 | 565,000 |
| Total Business-type Activities | | | 235,652,138 | 115,160,822 | (11,664,931) | 103,495,891 | 10,609,780 |
| Total General Obligation Bonds | | | \$ 279,393,717 | \$ 143,119,002 | \$ (9,993,811) | \$ 133,125,191 | \$ 11,816,080 |

(1) These debt issues are split between governmental and business-type activities

(2) This debt issue was originally issued in 2019 but proceeds are drawn as the project progresses

(3) This debt is funded by general assessments and drain code tax

(4) Bonds are not fully drawn down - current draw \$636,023

The purpose of each of the General Obligation bonds issued in the Governmental activities was for an energy conservation project, economic development projects, facility improvements, various street improvements, and drainage projects.

The purpose of each of the General Obligation (G.O.) bonds issued in the Business-type activities for the Building Authority were for municipal parking system projects. The G.O. sewer bonds issued were for various sewer capital improvement projects throughout the City.

Revenue Bonds

The City also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at year-end are as follows:

| | Issuance Date | Interest Rates | Original Amount | Balance July 1, 2021 | Deletions | Balance June 30, 2022 | Amounts Due Within One Year |
|------------------------------------|------------------|-------------------|----------------------|-------------------------|-----------------------|--------------------------|-----------------------------------|
| Business-type Activities | | | | | | | |
| 2013 Sewer Revenue Refunding Bonds | 12/27/2012 | 2.40% | <u>\$ 21,765,000</u> | <u>\$ 10,975,000</u> | <u>\$ (1,550,000)</u> | <u>\$ 9,425,000</u> | <u>\$ 1,550,000</u> |

The purpose of these noted bonds were for sewer capital improvement projects.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Pledged Revenues

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$9,425,000 in sewer revenue and refunding bonds issued in 2013. Proceeds from the bonds provided financing for the construction for various sewer infrastructure projects. The bonds are payable solely from sewer customer net revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require less than 14% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$2,008,188 and \$26,372,944, respectively.

Installment Purchase Agreements

The government has entered into installment purchase agreements for equipment and related capital assets. Installment purchase agreements outstanding at year-end are as follows:

| | Issuance Date | Interest Rate | Original Amount | Balance July 1, 2021 | Additions/ (Deletions) | Balance June 30, 2022 | Amounts Due Within One Year |
|--|------------------|------------------|----------------------|-------------------------|---------------------------|--------------------------|-----------------------------------|
| Governmental Activities | | | | | | | |
| 2014 Lease Purchase Agreement - Recycling Trucks | 9/12/2013 | 1.96% | \$ 1,550,855 | \$ 105,620 | \$ (105,620) | \$ - | \$ - |
| 2015 Ballpark Improvements Installment Purchase | 2/13/2015 | 3.00% | 13,500,000 | 9,051,115 | (9,051,115) | - | - |
| 2021 Installment Purchase Agreement (LTGO) | 8/18/2021 | 2.14% | \$ 10,569,000 | - | 10,300,000 | 10,300,000 | 639,000 |
| 2021 Installment Purchase Agreement (LTGO) | 9/1/2021 | 1.81% | 12,500,000 | - | 12,157,000 | 12,157,000 | 770,000 |
| | | | <u>\$ 38,119,855</u> | <u>\$ 9,156,735</u> | <u>\$ 13,300,265</u> | <u>\$ 22,457,000</u> | <u>\$ 1,409,000</u> |
| Business-type Activities | | | | | | | |
| 2014 Contract Purchase Agreement - Recycling Carts | 9/12/2013 | 1.96% | \$ 1,737,000 | \$ 118,343 | \$ (118,343) | \$ - | \$ - |

The purpose of the lease purchase agreements were for vehicle acquisitions as noted and the installment purchase agreements were for various facility improvements.

Loans Payable

The government has entered into loan agreements with the certain State agencies for program purposes. Loans payable at year-end are as follows:

| | Issuance Date | Interest Rate | Original Amount | Balance July 1, 2021 | Additions/ (Deletions) | Balance June 30, 2022 | Amounts Due Within One Year |
|--------------------------------|------------------|------------------|---------------------|-------------------------|---------------------------|--------------------------|-----------------------------------|
| Governmental Activities | | | | | | | |
| HUD Section 108 Loan | 5/28/2015 | 1.52% | \$ 5,900,000 | \$ 5,515,000 | \$ (390,000) | \$ 5,125,000 | \$ 400,000 |
| 2020 IPA Fire Truck | 10/28/2020 | 1.40% | 1,390,000 | 1,293,775 | (127,846) | 1,165,929 | 129,642 |
| 2014 SIB Loan | 3/27/2014 | 3.00% | 1,828,428 | 851,686 | (256,289) | 595,397 | 263,978 |
| | | | <u>\$ 9,118,428</u> | <u>\$ 7,660,461</u> | <u>\$ (774,135)</u> | <u>\$ 6,886,326</u> | <u>\$ 793,620</u> |

The purpose of the HUD loan was for applicable capital improvements within the City. The IPA was for the acquisition of a new fire truck for public safety purposes. The purpose of the SIB loan was for various street improvements.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Current Year Defeasances of Debt

On August 18, 2021, the City defeased the 2015 Ballpark Improvements Installment Purchase, which were due and payable through 2030. This was accomplished by establishing irrevocable trust with an escrow agent composed of U.S. Government Securities sufficient to meet the applicable principal and interest payments. The City issued 2021 Installment Purchase Agreement in the amount of \$10,569,000. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. As a result of the advance refunding, the City decreased its total debt service requirements by \$468,598, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$325,899.

Prior Year Defeased Debt

As of June 30, 2022, defeased bonds related to the prior year refunding of the 2009 Building Authority Capital Appreciation Bonds were still outstanding in the amount of \$1,009,386. The defeased bonds are scheduled to be paid by the escrow agent in installments on June 1 of years 2023 through 2024.

As of June 30, 2022, defeased bonds related to the prior year refunding of the 2018 Building Authority Refunding Bonds were still outstanding in the amount of \$4,205,000. The defeased bonds are scheduled to be paid by the escrow agent in installments through 2027.

As of June 30, 2022, defeased bonds related to the prior year refunding of the 2014 TIFA and BA Refunding Bonds were still outstanding in the amount of \$10,965,000. The defeased bonds are scheduled to be paid by the escrow agent in June 2024.

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2022.

| | As restated Balance July 1, 2021 | Additions | Deletions | Balance June 30, 2022 | Amounts Due Within One Year |
|---|--|----------------------|------------------------|--------------------------|-----------------------------------|
| Governmental Activities | | | | | |
| General obligation bonds | \$ 27,958,180 | \$ 4,490,000 | \$ (2,818,880) | \$ 29,629,300 | \$ 1,206,300 |
| Notes from direct borrowings and direct placements | | | | | |
| Installment purchase agreements | 9,156,735 | 23,069,000 | (9,768,735) | 22,457,000 | 1,409,000 |
| Loans payable | 7,660,461 | - | (774,135) | 6,886,326 | 793,620 |
| | 44,775,376 | 27,559,000 | (13,361,750) | 58,972,626 | 3,408,920 |
| Deferred amounts for issuance premiums | 663,565 | - | (77,343) | 586,222 | - |
| Compensated absences | 11,032,557 | 1,076,643 | (1,146,442) | 10,962,758 | 1,146,442 |
| Accrued workers compensation | 2,789,472 | 1,758,032 | (1,465,313) | 3,082,191 | 647,114 |
| | <u>\$ 59,260,970</u> | <u>\$ 30,393,675</u> | <u>\$ (16,050,848)</u> | <u>\$ 73,603,797</u> | <u>\$ 5,202,476</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

| | As restated Balance July 1, 2021 | Additions | Deletions | Balance June 30, 2022 | Amounts Due Within One Year |
|--|--|----------------------|------------------------|--------------------------|-----------------------------------|
| Business-type Activities | | | | | |
| General obligation bonds | \$ 115,160,822 | \$ 636,023 | \$ (12,300,954) | \$ 103,495,891 | \$ 10,609,780 |
| Revenue bonds | 10,975,000 | - | (1,550,000) | 9,425,000 | 1,550,000 |
| Notes from direct borrowings and direct placements | | | | | |
| Installment purchase agreements | 118,343 | - | (118,343) | - | - |
| | 126,254,165 | 636,023 | (13,969,297) | 112,920,891 | 12,159,780 |
| Deferred amounts | | | | | |
| For issuance discounts | (210,232) | - | 65,290 | (144,942) | - |
| For issuance premiums | 2,352,719 | - | (209,618) | 2,143,101 | - |
| Compensated absences | 820,157 | 131,635 | (68,559) | 883,233 | 68,559 |
| | <u>\$ 129,216,809</u> | <u>\$ 767,658</u> | <u>\$ (14,182,184)</u> | <u>\$ 115,802,283</u> | <u>\$ 12,228,339</u> |
| Component Units | | | | | |
| Brownfield Redevelopment Authority | | | | | |
| Revenue bonds | \$ 28,390,000 | \$ 11,330,000 | \$ - | \$ 39,720,000 | \$ 625,000 |
| Direct borrowings and direct placements | | | | | |
| Loan payable | 476,820 | - | - | 476,820 | 48,913 |
| | 28,866,820 | 11,330,000 | - | 40,196,820 | 673,913 |
| Less unamortized discount on general obligation bonds | (547,203) | (214,385) | 22,566 | (739,022) | - |
| | <u>28,319,617</u> | <u>11,115,615</u> | <u>22,566</u> | <u>39,457,798</u> | <u>673,913</u> |
| Tax Increment Financing Authority | | | | | |
| General obligation bonds | 28,315,000 | - | (50,000) | 28,265,000 | 50,000 |
| Direct borrowings and direct placements | | | | | |
| Contract payable | 11,029,889 | - | (1,020,309) | 10,009,580 | - |
| | 39,344,889 | - | (1,070,309) | 38,274,580 | 50,000 |
| Add accreted interest on contract payable | 8,255,052 | - | (4,139,171) | 4,115,881 | 2,069,137 |
| Less unamortized discount on general obligation bonds | (60,384) | - | 60,384 | - | - |
| | <u>47,539,557</u> | <u>-</u> | <u>(5,149,096)</u> | <u>42,390,461</u> | <u>2,119,137</u> |
| Lansing Entertainment and Public Facilities Authority | | | | | |
| Direct borrowings and direct placements | | | | | |
| Lease payable | 101,308 | - | (40,224) | 61,084 | 40,519 |
| Total component units | <u>\$ 75,960,482</u> | <u>\$ 11,115,615</u> | <u>\$ (5,166,754)</u> | <u>\$ 81,909,343</u> | <u>\$ 2,833,569</u> |

Details applicable to the Component Units long-term obligations are readily available in their separate issued financial statements and are not duplicated here in accordance with GASB 61.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (concluded)

For the governmental activities, compensated absences and other long-term debt are generally liquidated by the General Fund.

Debt service requirements to maturity for the general obligation and revenue bonds of the City are as follows:

| Year Ending June 30, | General Obligation Bonds | | | | Revenue Bonds | |
|----------------------------|--------------------------|---------------------|--------------------------|----------------------|--------------------------|---------------------|
| | Governmental Activities | | Business-Type Activities | | Business-Type Activities | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2023 | \$ 1,206,300 | \$ 788,326 | \$ 10,609,780 | \$ 3,630,665 | \$ 1,550,000 | \$ 380,688 |
| 2024 | 1,254,250 | 712,338 | 10,547,534 | 3,072,899 | 1,575,000 | 303,188 |
| 2025 | 1,304,750 | 674,612 | 9,525,938 | 2,113,795 | 1,575,000 | 224,438 |
| 2026 | 1,355,250 | 635,515 | 9,546,177 | 1,918,388 | 1,575,000 | 145,688 |
| 2027 | 1,410,750 | 594,875 | 8,878,621 | 1,687,072 | 1,575,000 | 98,438 |
| 2028-2032 | 6,260,050 | 2,261,668 | 30,506,184 | 5,568,026 | 1,575,000 | 49,218 |
| 2033-2037 | 4,647,950 | 1,520,224 | 17,062,520 | 2,331,632 | - | - |
| 2038-2042 | 3,615,000 | 1,105,199 | 6,819,137 | 295,077 | - | - |
| 2043-2047 | 4,395,000 | 688,290 | - | - | - | - |
| 2048-2051 | 4,180,000 | 181,731 | - | - | - | - |
| | <u>\$ 29,629,300</u> | <u>\$ 9,162,778</u> | <u>\$ 103,495,891</u> | <u>\$ 20,617,554</u> | <u>\$ 9,425,000</u> | <u>\$ 1,201,658</u> |

Debt service requirements to maturity for the notes from direct borrowings and direct placements of the City are as follows:

| Year Ending June 30, | Direct Borrowings and Direct Placements | |
|----------------------------|---|---------------------|
| | Governmental Activities | |
| | Principal | Interest |
| 2023 | \$ 2,202,620 | \$ 262,514 |
| 2024 | 2,249,446 | 272,949 |
| 2025 | 2,077,747 | 242,299 |
| 2026 | 2,064,183 | 216,891 |
| 2027 | 2,110,082 | 192,381 |
| 2028-2032 | 11,042,248 | 669,791 |
| 2033-2034 | 7,597,000 | 119,330 |
| | <u>\$ 29,343,326</u> | <u>\$ 1,976,155</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - FUND BALANCES - GOVERNMENTAL FUNDS

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

| | General Fund | State and Federal Grants | CERA - MSHDA | Nonmajor Governmental Funds | Total |
|--|----------------------|--------------------------------|-----------------|-----------------------------------|----------------------|
| Fund Balances | | | | | |
| Nonspendable | | | | | |
| Inventory | \$ - | \$ - | \$ - | \$ 1,348,300 | \$ 1,348,300 |
| Prepays | 759,490 | - | - | 250 | 759,740 |
| Corpus of permanent funds | - | - | - | 1,805,027 | 1,805,027 |
| Restricted | | | | | |
| Major and local streets - public works | - | - | - | 17,335,275 | 17,335,275 |
| Drug law and narcotics enforcement - public safety | - | - | - | 729,503 | 729,503 |
| Downtown Lansing - community development - public safety | - | - | - | 401,619 | 401,619 |
| Debt service | - | - | - | 29,361 | 29,361 |
| Building department | - | - | - | 4,366,574 | 4,366,574 |
| Community development | - | - | - | 1 | 1 |
| Capital projects - public works | - | - | - | 13,015,138 | 13,015,138 |
| Committed | | | | | |
| Pension/OPEB | 785,099 | - | - | - | 785,099 |
| City parks | - | - | - | 491,589 | 491,589 |
| Capital improvements | - | - | - | 4,700,925 | 4,700,925 |
| Unassigned | 21,907,213 | - | - | - | 21,907,213 |
| TOTAL FUND BALANCES | \$ 23,451,802 | \$ - | \$ - | \$ 44,223,562 | \$ 67,675,364 |

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2022, was as follows:

| | Governmental Activities | Business-type Activities | Component Units |
|---|----------------------------|-----------------------------|--------------------|
| Capital assets | | | |
| Capital assets not being depreciated | \$ 48,963,925 | \$ 33,527,775 | \$ - |
| Capital assets being depreciated, net | 158,878,808 | 309,874,601 | 86,948 |
| Total capital assets | 207,842,733 | 343,402,376 | 86,948 |
| Related debt | | | |
| General obligation bonds | 29,629,300 | 103,495,891 | - |
| Direct borrowing and direct placements | - | - | 61,084 |
| Revenue bonds | - | 9,425,000 | - |
| Installment purchase agreements (IPA) | 22,457,000 | - | - |
| Loans payable | 6,886,326 | - | - |
| Unamortized bond discounts | - | (144,942) | - |
| Unamortized bond premiums | 586,222 | 2,143,101 | - |
| Deferred charge on bond refunding | (228,881) | (3,962,798) | - |
| Unspent IPA proceeds | (10,929,450) | - | - |
| Total related debt | 48,400,517 | 110,956,252 | 61,084 |
| Net investment in capital assets | \$ 159,442,216 | \$ 232,446,124 | \$ 25,864 |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The government issued revenue bonds to finance certain improvements to its sewage disposal system. Because the Sewage Disposal System, an individual fund that accounts entirely for the government's sewage activities, is a segment and is reported as a major fund in the fund financial statements, separate segment disclosures herein are not required.

NOTE 13 - RISK MANAGEMENT

The City of Lansing is exposed to various risks of loss that are covered by the City's policies, including losses related to issues of cyber security, liability, errors and omissions, flood, boiler and machinery, property, employee bonding, auto, crime, ERISA considerations, and employee injuries. The City carries commercial insurance to cover these risks. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage during the past three years.

The City is self-funded for Blue Cross Blue Shield healthcare coverage for employees and retirees. The City maintains stop/loss coverage that limits its per-case exposure to \$250,000. The City estimates healthcare claims that are incurred but not reported as of year-end, which is accounted for in the City's Fringe Benefits Internal Service Fund. Changes in the estimated liability were as follows:

| | Fiscal Year Ended June 30, 2022 | 2021 |
|--|------------------------------------|---------------------|
| Estimated liability, beginning of year | \$ 1,635,000 | \$ 400,000 |
| Estimated claims incurred, including changes in estimates | 11,139,554 | 12,302,617 |
| Claim payments | <u>(11,274,554)</u> | <u>(11,067,617)</u> |
| Estimated liability, end of year | <u>\$ 1,500,000</u> | <u>\$ 1,635,000</u> |

The City is self-insured for workers' compensation costs. The City estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including those claims that have been reported as well as those that have not yet been reported to the City. When applicable, the current portion of this liability is accounted for in the General Fund with long-term liabilities accounted for in the Statement of Net Position. The City has liability insurance coverage up to a maximum amount of \$16,000,000 per occurrence with a \$350,000 deductible. Changes in the estimated long-term liability as well as the total estimated cost of claims for the past two fiscal years were as follows:

| | Fiscal Year Ended June 30, 2022 | 2021 |
|--|------------------------------------|---------------------|
| Estimated liability, beginning of year | \$ 2,789,472 | \$ 2,557,317 |
| Estimated claims incurred, including changes in estimates | 1,758,032 | 1,224,781 |
| Claim payments | <u>(1,465,313)</u> | <u>(992,626)</u> |
| Estimated liability, end of year | <u>\$ 3,082,191</u> | <u>\$ 2,789,472</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 14 - PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of the date they are levied. City, community college, and 50% of school taxes are levied and due July 1 and become delinquent after August 31. County taxes and the balance of school taxes are levied and due December 1 and become delinquent after February 14. In March, taxes on real property still delinquent are purchased by the County's tax revolving funds. Collections of community college, school, and county taxes and remittances are accounted for in the general fund. City property tax revenues are recognized in the fiscal year for which the taxes are levied to the extent that they result in current receivables (i.e., are collected within 60 days after fiscal year-end). The 2021 taxable value for all properties within the City is \$2,443,038,364.

The City is permitted by charter and state law to levy taxes up to \$20.00 per \$1,000 of assessed valuation for general operations other than the payment of principal and interest on long-term debt. The tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2022 was \$19.44 per \$1,000 of taxable value.

NOTE 15 - CONTINGENT LIABILITIES

The City and its component units participate in a number of Federal and State assisted programs that are subject to compliance audits. The audit of the Federal programs and the periodic program compliance audits of many of the State programs have not yet been conducted, completed, or resolved. Accordingly, the City's and its component units' compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City and its component units expect such amounts, if any, to be immaterial.

There are various other legal actions pending against the City and its component units. Due to the inconclusive nature of many of the actions, it is not possible for the City's Counsel to determine the probable outcome or a reasonable estimate of the potential liability, if any. These actions, for which a reasonable estimate can be determined of the potential liability, if any, are considered by the City and/or component unit management and legal counsel to not have a material effect on the financial condition of the City.

NOTE 16 - PENSION PLANS

EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The City sponsors and administers the Employees' Retirement System (the "Plan"), a single-employer, defined benefit pension plan that covers general full-time employees of the City of Lansing, Michigan, and employees of the 54-A District Court. It does not include elected officials, who are members of the Employees' Money Purchase Pension Plan, nor does it include police officers and firefighters, who are members of a separate City defined benefit pension plan. The Plan was established and may be amended by the City Council and is administered by a nine member Board of Trustees. The Board is comprised of the Mayor of the City, one member of the City Council appointed by the City Council, the City Treasurer, the City Human Resources Director, three members of the retirement system to be elected by the members of the system under rules adopted by the board, two residents of the State of Michigan appointed by the Mayor, by and with the consent of the City Council, one of which is a retiree of the retirement system. It is accounted for as a separate pension trust fund. Separate financial statements are not issued for the Plan.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Plan Description (concluded)

All members may retire at age 50 with 25 or more years of credited service, or age 58 with 8 or more years of credited service. Members are vested after completing 8 years of credited service. Retirement options that provide for survivor benefits are available to members. The plan also provides death and disability benefits. If a member leaves employment or dies before vesting, accumulated member contributions plus interest are refunded to the member or designated beneficiary. Members who are vested and terminate their employment prior to retirement will receive their benefit as a life annuity beginning at age 58.

Summary of Significant Accounting Policies

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contribution has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administration of the Plan is funded through the Plan's investment earnings.

Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Plan Board of Trustees, with the assistance of a valuation service.

Plan Membership

At December 31, 2021, plan membership consisted of the following:

| | |
|---|---------------------|
| Inactive employees or beneficiaries receiving benefits | 935 |
| Inactive employees entitled to but not yet receiving benefits | 181 |
| Vested and non-vested active participants | <u>397</u> |
| Total employees covered by the Plan | <u><u>1,513</u></u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Benefits Provided

Employees who retire with minimum age and years of service requirements are entitled to annual retirement benefits, payable in monthly installments for life, in an amount equal to a percentage of their final average compensation times years of credited service. Final average compensation is defined as the average of the highest annual compensation paid over two consecutive years of credited service within the last 10 years of credited service immediately preceding a member's termination of employment. The benefit payments for the current plan are calculated using the following rates for the various groups of general employees:

| <u>Bargaining Unit/Employee Group</u> | <u>Multiplier Percentage</u> |
|---------------------------------------|----------------------------------|
| United Auto Workers (UAW) | |
| Hired after January 9, 2017 | 1.50% |
| Hired after October 21, 2013 | 1.70% |
| All others | 2.75% |
| Teamsters Local 214 | |
| Hired after September 2012 | 1.25% |
| All others | 1.80% |
| Teamsters Local 580 | |
| Hired after May 19, 2014 | 1.25% |
| All others | 1.80% |
| Non-bargaining and all others | |
| Hired after April 1, 2014 | 1.25% |
| All others | 1.60% |
| District court exempt | |
| Hired after June 1, 2014 | 1.25% |
| All others | 1.60% |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Contributions

The contribution requirements of Plan members are established and may be amended by the City Council in accordance with City policies, union contracts, and Plan provisions. Employees are required to make contributions to the Plan in rates from 3.00 to 6.50% depending on bargaining unit and hire date. The City is required to contribute at actuarially determined rates expressed as a percentage of covered payroll. The City's contribution rate for the current plan for the year ended June 30, 2022 was 55.10% of projected valuation payroll.

| <u>Bargaining Unit/Employee Group</u> | <u>Contribution Percentage</u> |
|---------------------------------------|------------------------------------|
| United Auto Workers (UAW) | 3.00% |
| Teamsters Local 214 | |
| Hired after September 2012 | 5.00% |
| All others | 6.50% |
| Teamsters Local 580 | |
| Hired after May 9, 2014 | 5.00% |
| All others | 6.35% |
| District court Teamsters | |
| Hired after April 2014 | 5.00% |
| All others | 5.50% |
| District court exempt | 5.50% |
| All others | 6.50% |

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy is shown on the following pages.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (8.82)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations

At June 30, 2022, the Plan held certain investments (other than those issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, or other pooled investments) in certain organizations that represent 5% or more of the Plan's fiduciary net position. Please see Note 4 for the details of these concentrations.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Reserves

In accordance with the Plan policy, the City establishes reserves for various purposes. The reserves are adjusted annually based on recommendations from the City's actuaries. The policy for creating and adjusting reserves was established and can be amended by the Plan Board of Trustees. The market value change from December 31, 2021 to June 30, 2022 has been included in the Pension accumulation fund amount as it has not been allocated to the other funds as of year-end. A summary of the Plan reserves at June 30, 2022 is as follows:

| <u>Reserve/Group</u> | <u>Balance</u> |
|---------------------------|----------------|
| Employee savings fund | \$ 11,119,478 |
| Retirement reserve fund | 159,901,309 |
| Pension accumulation fund | (31,268,725) |
| Members benefit fund | 14,233,291 |
| Health insurance fund | 34,702,753 |

Net Pension Liability

The components of the net pension liability for the employees' retirement system at June 30, 2022 were as follows:

| | |
|---|------------------------------|
| Total Pension Liability | \$ 312,157,774 |
| Plan Fiduciary Net Position | <u>153,666,353</u> |
| Net Pension Liability | <u><u>\$ 158,491,421</u></u> |
| Plan fiduciary net position as percentage of total Pension Liability | 49.23% |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: Inflation, plus service based increases.

Investment rate of return: 7.00%, net of investment expense, including inflation.

Mortality is based on the Pub2010S tables (below median), 50% for pre-retirement deaths. For Disabled members, the disabled versions of these tables are used. Each of these tables is projected generationally with Scale SSA (2020).

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Actuarial Assumptions (concluded)

The actuarial assumptions used in the December 31, 2021 valuation were based on the 2015-2019 experience study.

Assumption changes - there were several changes in actuarial assumptions during fiscal year 2022, based on an experience study completed in 2021, covering experience from 2015 through 2019. More details regarding actuarial assumptions can be found in the December 31, 2021 valuation reports for each system.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each 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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2021, and the final investment return assumption, are summarized in the following table:

| Asset Class | Target Allocation | Expected Real Rate of Return | Money-Weighted Rate of Return |
|-----------------------------------|-------------------|---------------------------------|----------------------------------|
| Domestic Equity | 27.00% | 5.95% | 1.61% |
| International Equity - Developed | 12.00% | 6.10% | 0.73% |
| International Equity - Emerging | 4.00% | 6.95% | 0.28% |
| Fixed Income - U.S. | 25.00% | 2.00% | 0.50% |
| Real Estate | 10.00% | 4.95% | 0.50% |
| Global Opportunistic Fixed Income | 6.00% | 4.25% | 0.26% |
| Global Equity Long/Short | 10.00% | 5.00% | 0.50% |
| Absolute Return | 6.00% | 5.00% | 0.30% |
| | <u>100.00%</u> | | 4.67% |
| Inflation | | | 2.50% |
| Risk adjustment | | | -0.17% |
| Investment rate of return | | | <u>7.00%</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each 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 rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The components of the change in the net pension liability are summarized as follows:

| | Increase (Decrease) | | |
|---|-------------------------|-----------------------------|-----------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a)-(b) |
| <u>Changes in Net Pension Liability</u> | | | |
| Balances at June 30, 2021 | \$ 316,621,592 | \$ 178,421,063 | \$ 138,200,529 |
| Changes for the Year | | | |
| Service cost | 2,827,879 | - | 2,827,879 |
| Interest on total pension liability | 21,523,899 | - | 21,523,899 |
| Difference between expected and actual experience | (4,473,505) | - | (4,473,505) |
| Employer contributions | - | 13,494,287 | (13,494,287) |
| Employee contributions | - | 1,289,306 | (1,289,306) |
| Net investment income (loss) | - | (15,129,738) | 15,129,738 |
| Benefit payments, including employee refunds | (24,342,091) | (24,342,091) | - |
| Administrative expense | - | (66,474) | 66,474 |
| Net changes | (4,463,818) | (24,754,710) | 20,290,892 |
| Balances as of June 30, 2022 | \$ 312,157,774 | \$ 153,666,353 | \$ 158,491,421 |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease 6.00% | Current Rate 7.00% | 1% Increase 8.00% |
|-----------------------|----------------------|-----------------------|----------------------|
| Net pension liability | \$ 186,131,735 | \$ 158,491,421 | \$ 135,059,448 |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' RETIREMENT SYSTEM (concluded)

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

For the year ended June 30, 2022, the City recognized ERS pension expense of \$17,550,196. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 3,817,180 |
| Changes in assumptions | 2,555,430 | - |
| Net difference between projected and actual earnings on pension plan investments | <u>11,704,992</u> | <u>-</u> |
| Total | <u><u>\$ 14,260,422</u></u> | <u><u>\$ 3,817,180</u></u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending June 30, | Pension Expense |
|-------------------------|-----------------------------|
| 2023 | \$ 3,576,073 |
| 2024 | 1,174,530 |
| 2025 | 263,388 |
| 2026 | <u>5,429,251</u> |
| | <u><u>\$ 10,443,242</u></u> |

At June 30, 2022, the City did not have any outstanding contributions to the pension plan required for the year ended June 30, 2022.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE RETIREMENT SYSTEM

Plan Description

The City sponsors and administers the Police and Fire Retirement System (the "Plan"), a single-employer, defined benefit pension plan that covers all police officers and fire fighters who are full-time employees of the City. The Plan was established and may be amended by the City Council and is administered by an eight member Board of Trustees. The Board is comprised of the Mayor of the City, one member of the City Council appointed by the City Council, the City Treasurer, a resident of the City who shall be appointed by the Mayor, by and with the consent of Council, two members each of the police and fire departments, to be elected by all the members of their respective departments. It is accounted for as a separate pension trust fund. Separate financial statements are not issued for the Plan.

Members may retire at age 55, or at any age with 25 or more years of credited service. Members are vested after completing 10 years of credited service. Members are required to retire at age 60 (Police) or 70 (Fire). When an employee who had retired subsequent to August 31, 1966, dies, the plan provides for an automatic pension to the retiree's spouse. This automatic pension is equal to 50% of the regular retirement benefit the employee had been receiving at time of death. Effective July 30, 1990, members may elect a reduced benefit, either 93% or 86% of the regular benefit, thereby increasing the spouse pension to 75% or 86% of the regular benefit, respectively. Alternately, members may elect a non-spousal beneficiary option. The plan provides death and disability benefits. If a member leaves employment or dies before vesting, accumulated member contributions plus interest are refunded to the member or designated beneficiary. Members who are vested and terminate their employment have the option of deferred retirement benefits until age 55 or withdrawing their contribution, thereby forfeiting any future benefits.

Summary of Significant Accounting Policies

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period which the contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contribution has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Administration of the Plan is funded through the Plan's investment earnings.

Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of the Plan Board of Trustees, with the assistance of a valuation service.

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Plan Membership

At December 31, 2021, plan membership consisted of the following:

| | |
|---|---------------------|
| Inactive employees or beneficiaries receiving benefits | 766 |
| Inactive employees entitled to but not yet receiving benefits | 67 |
| Vested and non-vested active participants | <u>355</u> |
| Total employees covered by the Plan | <u><u>1,188</u></u> |

Benefits Provided

Annual retirement allowances are determined by multiplying final average compensation by 3.2% for the first 25 years of credited service. The maximum allowance is 80% of final average compensation. Pension benefit is capped at 110% of base wage for IAFF and CCLP-NS and 115% for CCLP-Supervisors. Benefit multiplier is changed to 2.5% and pension benefit is capped at 100% of base wage for hires on or after May 19, 2014 for IAFF and August 1, 2014 for CCLP-NS.

Contributions

The contribution requirements of plan members are established and may be amended by the City Council in accordance with City policies, union contracts, and Plan provisions. Fire members are required to contribute 10.0% of their annual wages to the plan, fire members hired after May 19, 2014 are required to contribute 7.00%. Police supervisors are required to contribute 9.52%, police non-supervisors are required to contribute 9.0%, and police non supervisors hired after August 1, 2014 are required to contribute 7.00%. Chapter 294 of the City of Lansing's Ordinance establishes benefit provisions and requires that the portion of the annuity and pension reserves (which are determined annually by the City's actuary) not financed by member contributions shall be financed by annual appropriations. The City's contribution rate for the plan for the year ended June 30, 2022 was 58.25% of projected valuation payroll.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy is shown on the following pages.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (9.86)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Concentrations

At June 30, 2022, the Plan held certain investments (other than those issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, or other pooled investments) in certain organizations that represent 5% or more of the Plan's fiduciary net position. Please see Footnote 4 for the details of these concentrations.

Reserves

In accordance with the Plan policy, the City establishes reserves for various purposes. The reserves are adjusted annually based on recommendations from the City's actuaries. The policy for creating and adjusting reserves was established and can be amended by the Plan Board of Trustees. A summary of the Plan reserves at June 30, 2022 is as follows:

| <u>Reserve/Group</u> | <u>Balance</u> |
|-------------------------|----------------|
| Retirement reserve fund | \$ 289,411,315 |
| Health insurance fund | 41,918,165 |

Net Pension Liability

The components of the net pension liability for the police and fire retirement system at June 30, 2022, were as follows:

| | |
|---|------------------------------|
| Total Pension Liability | \$ 502,879,789 |
| Plan Fiduciary Net Position | <u>289,411,315</u> |
| Net Pension Liability | <u><u>\$ 213,468,474</u></u> |
| Plan fiduciary net position as percentage of total Pension Liability | 57.55% |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: Inflation, plus service based increases.

Investment rate of return: 7.00%, net of investment expense, including inflation.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Actuarial Assumptions (concluded)

Mortality is based on the Pub2010S (below median), 50% for pre-retirement deaths. For Disabled members, the disabled version of these tables is used. Each of these tables is projected generationally with Scale SSA (2020).

The actuarial assumptions used in the December 31, 2021 valuation were based on the 2015-2019 experience study.

Assumption changes - there were several changes in actuarial assumptions during fiscal year 2022, based on an experience study completed in 2021, covering experience from 2015 through 2019. More details regarding actuarial assumptions can be found in the December 31, 2021 valuation reports for each system.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each 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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2020, and the final investment return assumption, are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return | Money-Weighted Rate of Return |
|-----------------------------------|-------------------|--|----------------------------------|
| Domestic Equity | 27.00% | 5.95% | 1.61% |
| International Equity - Developed | 12.00% | 6.10% | 0.73% |
| International Equity - Emerging | 4.00% | 6.95% | 0.28% |
| Fixed Income - U.S. | 25.00% | 2.00% | 0.50% |
| Real Estate | 10.00% | 4.95% | 0.50% |
| Global Opportunistic Fixed Income | 6.00% | 4.25% | 0.26% |
| Global Equity Long/Short | 10.00% | 5.00% | 0.50% |
| Absolute Return | 6.00% | 5.00% | 0.30% |
| | <u>100.00%</u> | | 4.67% |
| Inflation | | | 2.50% |
| Risk adjustment | | | <u>-0.17%</u> |
| Investment rate of return | | | <u>7.00%</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each 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 rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The components of the change in the net pension liability are summarized as follows:

| | Increase (Decrease) | | |
|---|-------------------------|-----------------------------|-----------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| <u>Changes in Net Pension Liability</u> | (a) | (b) | (a)-(b) |
| Balances at June 30, 2021 | \$ 491,508,579 | \$ 335,439,636 | \$ 156,068,943 |
| Changes for the Year | | | |
| Service cost | 7,269,988 | - | 7,269,988 |
| Interest on total pension liability | 33,647,916 | - | 33,647,916 |
| Difference between expected and actual experience | 6,641,422 | - | 6,641,422 |
| Employer contributions | - | 19,609,552 | (19,609,552) |
| Employee contributions | - | 2,722,350 | (2,722,350) |
| Net investment income (loss) | - | (32,083,115) | 32,083,115 |
| Benefit payments, including employee refunds | (36,188,116) | (36,188,116) | - |
| Administrative expense | - | (88,992) | 88,992 |
| Net changes | 11,371,210 | (46,028,321) | 57,399,531 |
| Balances as of June 30, 2022 | \$ 502,879,789 | \$ 289,411,315 | \$ 213,468,474 |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease 6.00% | Current Rate 7.00% | 1% Increase 8.00% |
|-----------------------|----------------------|-----------------------|----------------------|
| Net pension liability | \$ 268,157,705 | \$ 213,468,474 | \$ 163,990,136 |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (concluded)

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

For the year ended June 30, 2022, the City recognized Police and Fire Retirement System pension expense of \$47,881,846. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 4,981,066 | \$ 1,737,858 |
| Changes in assumptions | 12,012,570 | - |
| Net difference between projected and actual earnings on pension plan investments | <u>22,295,730</u> | <u>-</u> |
| Total | <u><u>\$ 39,289,366</u></u> | <u><u>\$ 1,737,858</u></u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ending June 30, | Pension Expense |
|-------------------------|-----------------------------|
| 2023 | \$ 12,104,661 |
| 2024 | 11,831,132 |
| 2025 | 2,641,300 |
| 2026 | <u>10,974,415</u> |
| | <u><u>\$ 37,551,508</u></u> |

At June 30, 2022, the City did not have any outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

For governmental activities, pension liabilities are expected to be liquidated by the general fund.

Detailed information about the pension plan's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds presented in the other supplementary information section of this report and at the end of Note 17.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (concluded)

SUMMARY PENSION INFORMATION

The table below summarizes the net pension liability and related deferrals for the Employees' Retirement System and the Police and Fire Retirement System as presented in the Statement of Net Position.

| | Employees' Retirement System | Police and Fire Retirement System | Total |
|-----------------------------|------------------------------------|---|----------------|
| Net pension liability | \$ 158,491,421 | \$ 213,468,474 | \$ 371,959,895 |
| Deferred outflows - pension | 14,260,422 | 39,289,366 | 53,549,788 |
| Deferred inflows - pension | 3,817,180 | 1,737,858 | 5,555,038 |
| Pension expense | 17,550,196 | 47,881,846 | 65,432,042 |

EMPLOYEES' MONEY PURCHASE PENSION PLAN

Newly hired employees are eligible to participate in the City's defined contribution plan. Eligible employees include those normally scheduled to work at least 1,000 hours during a plan year. To receive benefits under the plan, the participant must have met the age and service requirements outline in his or her applicable bargaining unit agreement. Distributions are calculated based on the employee's vesting percentage and the individual's allocation of investment funds. In accordance with the Plan agreement, the City contributes 4% of employees' base pay to the plan. The defined contribution plan is administered by the Board of Trustees as designed in the City of Lansing Defined Contribution Plan which stipulates that the trustees have such authority. All amendments to the plan, including funding requirements, must be approved by the City Council subject to the terms of collective bargaining agreements. City contributions for the year ended June 30, 2022 were \$361,330 for plan members. Employee contributions for the year ended June 30, 2022 were \$357,008. All amendments to the Plan, including funding requirements, must be approved by the City Council. The assets of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS

PRIMARY GOVERNMENT

Plan Description

The City of Lansing contributes to the Employees' Retirement System, the Police and Fire Retirement System, and the Voluntary Employees Beneficiary Association amounts to pre-fund postemployment healthcare. In the Employees' Retirement System and the Police and Fire Retirement System, these other postemployment benefits (OPEB) are set up as reserves in the pension plans, and their investments are commingled with the investments of the pension plan. Portfolio makeup is reported as a percentage of total pension plan assets. Earnings are calculated based on a seven year smoothed rate of return of the retirement systems. Eligible participants include any retirees who receive pension benefits under their respective pension plans, with the exception of Teamster 580 employees hired after May 2014. OPEB plan provisions are established and may be amended by the City Council, subject to the City's various collective bargaining agreements. Separate financial statements are not prepared for the plans.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

PRIMARY GOVERNMENT (concluded)

Method Used to Value Investments

Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of each plans' board of trustees, with the assistance of a valuation service.

VOLUNTARY EMPLOYEES BENEFICIARY ASSOCIATION (VEBA)

The City of Lansing Voluntary Employees Beneficiary Association (the "Plan") is a single-employer defined benefit postemployment healthcare plan established by the City to provide medical and healthcare benefits for retirees and their beneficiaries. Eligible participants include any retirees who receive pension benefits under one of the City's pension plans. The Plan is funded by a trust agreement established pursuant to Section 501(c)(9) of the Internal Revenue Code that allows for the formation of a VEBA. It is accounted for as a separate OPEB trust fund.

EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The City provides postemployment health care benefits, in accordance with labor agreements, to full-time employees of the City and employees of the 54-A District Court (not including police officers and firefighters who are members of the Police and Fire Retirement System). Members eligible for pension benefits under the Employees' Retirement System are also eligible to receive health care benefits, with the exception of Teamster 580 employees hired after May 2014. The Plan was established and may be amended by the City Council and is administered by a nine member Board of Trustees. The Board is comprised of the Mayor of the City, one member of the City Council appointed by the City Council, the City Treasurer, the City Human Resources Director, three members of the retirement system to be elected by the members of the system under rules adopted by the board, two residents of the State of Michigan appointed by the Mayor, by and with the consent of the City Council, one of which is a retiree of the retirement system. It is accounted for as a separate OPEB trust fund.

Membership of the Plan consisted of the following at January 1, 2021, the date of the most recent actuarial valuation:

| | |
|--|--------------|
| Retirees and beneficiaries receiving benefits | 961 |
| Terminated plan members entitled to but not yet receiving benefits | 41 |
| Active plan member | 429 |
| | <hr/> |
| Total | <u>1,431</u> |

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Benefits Provided

The City provides the full cost of health benefits to retirees, payable to health care vendors, and also reimburses retirees eligible for Medicare benefits of \$134.00 per month for each covered retiree and eligible dependent(s) eligible for retiree healthcare. The payments are charged to the fringe benefit internal service fund of the City and are recognized as expenses as payments are made.

Contributions

The contribution requirements of the Plan members and the City are established and may be amended by the City Council, in accordance with City policies, union contracts, and Plan provisions. Retirees and their beneficiaries are eligible for postemployment healthcare benefits if they qualify under the various contracts. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the bi-annual actuarial valuation. For the year ended June 30, 2022, the City contributed \$10,343,555 (direct benefit payments of \$9,599,555 and City contributions of \$744,000) to the Plan.

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (15.16)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City

The components of the net OPEB liability of the City at June 30, 2022, were as follows:

| | |
|--|-----------------------------|
| Total OPEB Liability | \$ 157,216,430 |
| Plan Fiduciary Net Position | <u>69,887,591</u> |
| Net OPEB Liability | <u><u>\$ 87,328,839</u></u> |
| Plan fiduciary net position as percentage of total OPEB liability | 44.45% |

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Investment rate of return: 7.00%, net of OPEB plan investment expense, including inflation.

Retirement age: Age-based table of rates that are specific to the type of eligibility condition.

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Actuarial Assumptions (concluded)

Mortality rates are assumed to be in accordance with the Pub2010G tables, with below median and headcount weighted, projected generationally using MP-2020.

The actuarial assumptions used in the January 1, 2021 valuation were based on the 2015-2019 experience study.

Assumption changes - there were no changes of assumptions in 2022.

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy as of June 30, 2022 is summarized in the table on the following page.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each 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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Money-Weighted Rate of Return</u> |
|-----------------------------------|--------------------------|---|--|
| Domestic Equity | 27.00% | 5.95% | 1.61% |
| International Equity - Developed | 12.00% | 6.10% | 0.73% |
| International Equity - Emerging | 4.00% | 6.95% | 0.28% |
| Fixed Income - U.S. | 25.00% | 2.00% | 0.50% |
| Real Assets | 10.00% | 4.95% | 0.50% |
| Global Opportunistic Fixed Income | 6.00% | 4.25% | 0.26% |
| Global Equity Long/Short | 10.00% | 5.00% | 0.50% |
| Absolute Return | 6.00% | 5.00% | 0.30% |
| | <u>100.00%</u> | | 4.67% |
| Inflation | | | 2.50% |
| Risk adjustment | | | -0.17% |
| Investment rate of return | | | <u>7.00%</u> |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The City's funding expectations/policy is to contribute a percentage of payroll each year to their OPEB trust, in addition to paying the annual benefits directly. The City has also assumed that benefits will begin being paid from trust assets once the funding ratio exceeds 90%. Based on this information, the City projects that benefits will be available to make all projected future benefit payments of current plan members.

The components of the change in the net OPEB liability are summarized as follows:

| Calculating the Net OPEB Liability | | | |
|------------------------------------|--------------------------------|---------------------------------------|----------------------------------|
| | Increase (Decrease) | | |
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
| Balances at June 30, 2021 | \$ 153,400,498 | \$ 79,529,913 | \$ 73,870,585 |
| Changes for the year | | | |
| Service cost | 1,603,045 | - | 1,603,045 |
| Interest on total OPEB liability | 10,562,939 | - | 10,562,939 |
| Employer contributions | - | 10,643,555 | (10,643,555) |
| Net investment income | - | (11,324,122) | 11,324,122 |
| Benefit payments | (8,350,052) | (8,350,052) | - |
| Administrative expense | - | (611,703) | 611,703 |
| Net changes | 3,815,932 | (9,642,322) | 13,458,254 |
| Balances as of June 30, 2022 | \$ 157,216,430 | \$ 69,887,591 | \$ 87,328,839 |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

| | 1% Decrease 6.00% | Current Discount Rate | 1% Increase 8.00% |
|--------------------|----------------------|--------------------------|----------------------|
| Net OPEB liability | \$ 106,212,238 | \$ 87,328,839 | \$ 71,724,223 |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 4.5% as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.5%) or 1% higher (5.5%) than the current healthcare cost trend rates:

| | 1% Decrease 3.50% | Healthcare Ultimate Cost Trend Rate | 1% Increase 5.50% |
|--------------------|----------------------|---|----------------------|
| Net OPEB liability | \$ 71,133,079 | \$ 87,328,839 | \$ 106,787,456 |

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

For the year ended June 30, 2022, the City recognized OPEB benefit of \$19,016,642. At June 30, 2022, the City 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 |
|--|--------------------------------------|-------------------------------------|
| Changes in assumptions | \$ - | \$ 22,238,814 |
| Differences between expected and actual experience | - | 13,167,887 |
| Net difference between projected and actual earnings on plan investments | 10,083,172 | - |
| Total | \$ 10,083,172 | \$ 35,406,701 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | OPEB Expense |
|-------------------------|-----------------|
| 2023 | \$ (32,983,561) |
| 2024 | 2,148,617 |
| 2025 | 2,133,171 |
| 2026 | 3,378,244 |
| | \$ (25,323,529) |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

EMPLOYEES' RETIREMENT SYSTEM (concluded)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds presented in the other supplementary information section of this report and at the end of this note disclosure.

At June 30, 2022, the City reported no amount payable to the OPEB plan.

POLICE AND FIRE RETIREMENT SYSTEM

Plan Description

The City also provides postemployment health care benefits, in accordance with labor agreements, to members who are eligible to receive pension benefits under the Police and Fire Retirement System. The Plan was established and may be amended by the City Council and is administered by an eight member Board of Trustees. The Board is comprised of the Mayor of the City, one member of the City Council appointed by the City Council, the City Treasurer, a resident of the City who shall be appointed by the Mayor, by and with the consent of Council, two members each of the police and fire departments, to be elected by all the members of their respective departments.

Membership of the Plan consisted of the following at January 1, 2021, the date of the most recent actuarial valuation:

| | |
|--|---------------------|
| Retirees and beneficiaries receiving benefits | 699 |
| Terminated plan members entitled to but not yet receiving benefits | 12 |
| Active plan member | <u>344</u> |
| Total | <u><u>1,055</u></u> |

Benefits Provided

The City provides the full cost of health benefits to retirees, payable to health care vendors, and also reimburses retirees eligible for Medicare benefits of \$121.90 per month for each covered retiree and dependent(s). The payments are charged to the fringe benefit internal service fund of the City and are recognized as expenses as payments are made.

Contributions

The contribution requirements of the Plan members and the City are established and may be amended by the City Council, in accordance with City policies, union contracts, and Plan provisions. Retirees and their beneficiaries are eligible for postemployment healthcare benefits if they qualify under the various contracts. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the bi-annual actuarial valuation. For the year ended June 30, 2022, the City contributed \$9,974,904 (direct benefit payments of \$8,674,904 and City contributions of \$1,300,000) to the Plan.

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (16.96)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the City at June 30, 2022, were as follows:

| | |
|--|------------------------------|
| Total OPEB Liability | \$ 202,871,379 |
| Plan Fiduciary Net Position | <u>41,918,165</u> |
| Net OPEB Liability | <u><u>\$ 160,953,214</u></u> |
| Plan fiduciary net position as percentage of total OPEB liability | 20.66% |

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Investment rate of return: 7.00%, net of OPEB plan investment expense, including inflation.

Retirement age: Age-based table of rates that are specific to the type of eligibility condition.

Mortality rates are assumed to be in accordance with the Pub2010G tables, with below median and headcount weighted, projected generationally using MP-2020.

The actuarial assumptions used in the January 1, 2021 valuation were based on the 2015-2019 experience study.

Assumption changes - there were no changes of assumptions in 2022.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy as of June 30, 2022 is summarized in the table below.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each 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. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Money-Weighted Rate of Return</u> |
|-----------------------------------|--------------------------|---|--|
| Domestic Equity | 27.00% | 5.95% | 1.61% |
| International Equity - Developed | 12.00% | 6.10% | 0.73% |
| International Equity - Emerging | 4.00% | 6.95% | 0.28% |
| Fixed Income - U.S. | 25.00% | 2.00% | 0.50% |
| Real Assets | 10.00% | 4.95% | 0.50% |
| Global Opportunistic Fixed Income | 6.00% | 4.25% | 0.26% |
| Global Equity Long/Short | 10.00% | 5.00% | 0.50% |
| Absolute Return | 6.00% | 5.00% | 0.30% |
| | <u>100.00%</u> | | 4.67% |
| Inflation | | | 2.50% |
| Risk adjustment | | | <u>-0.17%</u> |
| Investment rate of return | | | <u>7.00%</u> |

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00%. The City's funding expectations/policy is to contribute a percentage of payroll each year to their OPEB trust, in addition to paying the annual benefits directly. The City has assumed that benefits will be paid from trust assets once the funding ratio exceeds 90%, and until the fund is depleted. Based on this information, the City projects that benefits will be available to make all projected future benefit payments of current plan members.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

The components of the change in the net OPEB liability are summarized as follows:

| Calculating the Net OPEB Liability | | | |
|------------------------------------|--------------------------------|---------------------------------------|----------------------------------|
| | Increase (Decrease) | | |
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
| Balances at June 30, 2021 | \$ 193,491,109 | \$ 48,217,543 | \$ 145,273,566 |
| Changes for the year | | | |
| Service cost | 3,800,121 | - | 3,800,121 |
| Interest on total OPEB liability | 13,536,620 | - | 13,536,620 |
| Employer contributions | - | 9,974,904 | (9,974,904) |
| Net investment income | - | (7,645,295) | 7,645,295 |
| Benefit payments | (7,956,471) | (7,956,471) | - |
| Administrative expense | - | (672,516) | 672,516 |
| Net changes | 9,380,270 | (6,299,378) | 15,679,648 |
| Balances as of June 30, 2022 | \$ 202,871,379 | \$ 41,918,165 | \$ 160,953,214 |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.00%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

| | 1% Decrease 6.00% | Current Discount Rate | 1% Increase 8.00% |
|--------------------|----------------------|--------------------------|----------------------|
| Net OPEB liability | \$ 187,647,083 | \$ 160,953,214 | \$ 139,304,997 |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption

The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 4.5% as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.5%) or 1% higher (5.5%) than the current healthcare cost trend rates:

| | 1% Decrease 3.50% | Healthcare Ultimate Cost Trend Rate | 1% Increase 5.50% |
|--------------------|----------------------|---|----------------------|
| Net OPEB liability | \$ 138,335,276 | \$ 160,953,214 | \$ 188,715,116 |

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

For the year ended June 30, 2022, the City recognized OPEB benefit of \$9,102,198. At June 30, 2022, the City 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 |
|--|--------------------------------------|-------------------------------------|
| Changes in assumptions | \$ 22,999,488 | \$ 81,199,887 |
| Differences between expected and actual experience | 4,646,140 | 35,606,996 |
| Net difference between projected and actual earnings on plan investments | 8,994,304 | - |
| Contributions subsequent to the measurement date | - | - |
| Total | \$ 36,639,932 | \$ 116,806,883 |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | OPEB Expense |
|-------------------------|-----------------|
| 2023 | \$ (28,179,773) |
| 2024 | (56,322,761) |
| 2025 | 2,131,480 |
| 2026 | 2,204,103 |
| | \$ (80,166,951) |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (concluded)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds presented in the other supplementary information section of this report and at the end of this note disclosure.

At June 30, 2022, the City reported no amount payable to the OPEB plan.

For governmental activities, other postemployment benefit liabilities are expected to be liquidated by the general fund.

SUMMARY OPEB INFORMATION

The table below summarizes the net OPEB liability and related deferrals for the Employees' Retirement System and the Police and Fire Retirement System as presented in the Statement of Net Position.

| | Employees' Retirement System | Police and Fire Retirement System | Total |
|--------------------------|------------------------------------|---|----------------|
| Net OPEB liability | \$ 87,328,839 | \$ 160,953,214 | \$ 248,282,053 |
| Deferred outflows - OPEB | 10,083,172 | 36,639,932 | 46,723,104 |
| Deferred inflows - OPEB | 35,406,701 | 116,806,883 | 152,213,584 |
| OPEB expense (benefit) | (19,016,642) | (9,102,198) | (28,118,840) |

Financial statements for individual pension and employee benefit plans:

| | Pension and Other Postemployment Benefits Trust Funds | | | | | | Totals |
|-------------------------------------|---|--|--|---|---|-------------------------------|-----------------------|
| | Employees' Retirement System Pension | Employees' Retirement System OPEB | Police and Fire Retirement System | Police and Fire Retirement System OPEB | Employees' Money Purchase Pension Plan | Retiree Healthcare VEBA | |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 6,090,397 | \$ 1,390,936 | \$ 10,075,420 | \$ 1,459,318 | \$ - | \$ - | \$ 19,016,071 |
| Investments | | | | | | | |
| Mutual funds | 110,091,809 | 25,142,971 | 208,310,511 | 30,171,571 | 4,549,579 | 33,939,595 | 412,206,036 |
| Domestic equities | 31,455,468 | 7,183,858 | 63,646,492 | 9,218,521 | - | - | 111,504,339 |
| International equities | 718,781 | 164,156 | 1,396,842 | 202,318 | - | - | 2,482,097 |
| Emerging market equities | 6,775,984 | 1,547,512 | 12,812,804 | 1,855,799 | - | 975,174 | 23,967,273 |
| Money market funds | 3,449,225 | 787,741 | 3,393,029 | 491,444 | - | 258,146 | 8,379,585 |
| Prepays | 852 | 195 | 592 | 86 | - | - | 1,725 |
| Dividends and interest receivable | 26,685 | 6,094 | 50,988 | 7,385 | - | 11,923 | 103,075 |
| Total assets | 158,609,201 | 36,223,463 | 299,686,678 | 43,406,442 | 4,549,579 | 35,184,838 | 577,660,201 |
| Liabilities | | | | | | | |
| Accounts payable | 150,924 | 34,470 | 266,801 | 38,643 | - | - | 490,838 |
| Due to other governmental units | 4,791,924 | 1,167,240 | 10,008,562 | 1,449,634 | 4,653 | 319,000 | 17,741,013 |
| Total liabilities | 4,942,848 | 1,201,710 | 10,275,363 | 1,488,277 | 4,653 | 319,000 | 18,231,851 |
| Net position restricted for: | | | | | | | |
| Pension benefits | 153,666,353 | - | 289,411,315 | - | 4,544,926 | - | 447,622,594 |
| Other postemployment benefits | - | 35,021,753 | - | 41,918,165 | - | 34,865,838 | 111,805,756 |
| Total net position | \$ 153,666,353 | \$ 35,021,753 | \$ 289,411,315 | \$ 41,918,165 | \$ 4,544,926 | \$ 34,865,838 | \$ 559,428,350 |

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (concluded)

| | Changes in Pension and Other Postemployment Benefits Net Position | | | | | | |
|---|---|--|--|---|---|-------------------------------|-----------------|
| | Employees' Retirement System Pension | Employees' Retirement System OPEB | Police and Fire Retirement System | Police and Fire Retirement System OPEB | Employees' Money Purchase Pension Plan | Retiree Healthcare VEBA | Totals |
| Additions | | | | | | | |
| Investment income | | | | | | | |
| Net appreciation (decrease) in fair value of investments | \$ (14,356,406) | \$ (5,833,105) | \$ (32,083,115) | \$ (7,656,237) | \$ - | \$ (5,491,017) | \$ (65,419,880) |
| Interest income (loss) | 5,527 | - | - | - | (699,336) | - | (693,809) |
| Miscellaneous | - | - | - | 10,942 | - | - | 10,942 |
| Investment expenses | (778,859) | - | - | - | - | - | (778,859) |
| Net investment income | (15,129,738) | (5,833,105) | (32,083,115) | (7,645,295) | (699,336) | (5,491,017) | (66,881,606) |
| Contributions | | | | | | | |
| Employer | 13,494,287 | 10,343,555 | 19,609,552 | 9,974,904 | 361,330 | 300,000 | 54,083,628 |
| Plan members | 1,289,306 | - | 2,722,350 | - | 357,008 | - | 4,368,664 |
| Total contributions | 14,783,593 | 10,343,555 | 22,331,902 | 9,974,904 | 718,338 | 300,000 | 58,452,292 |
| Deductions | | | | | | | |
| Participant benefits | 24,342,091 | 8,350,052 | 36,188,116 | 7,956,471 | - | - | 76,836,730 |
| Administrative expense | 66,474 | 492,274 | 88,992 | 672,516 | 432,095 | 119,429 | 1,871,780 |
| Total deductions | 24,408,565 | 8,842,326 | 36,277,108 | 8,628,987 | 432,095 | 119,429 | 78,708,510 |
| Change in net position | (24,754,710) | (4,331,876) | (46,028,321) | (6,299,378) | (413,093) | (5,310,446) | (87,137,824) |
| Net position restricted for pension and other postemployment benefits | | | | | | | |
| Beginning of year | 178,421,063 | 39,353,629 | 335,439,636 | 48,217,543 | 4,958,019 | 40,176,284 | 646,566,174 |
| End of year | \$ 153,666,353 | \$ 35,021,753 | \$ 289,411,315 | \$ 41,918,165 | \$ 4,544,926 | \$ 34,865,838 | \$ 559,428,350 |

NOTE 18 - TAX ABATEMENTS

Because Lansing is an older city, vacant land, or “green space” for new buildings is scarce, the City offers tax abatements to make redevelopment and rehabilitation of existing buildings economically viable for developers, who must consider the cost of rehabilitating existing, often older, buildings which may involve environmental remediation, against the generally lesser cost of building on vacant land outside the City. These tax abatements are designed to level the “playing field” for urban communities to encourage redevelopment of vacant buildings, and to attract and retain private investment and jobs within the City. The City of Lansing provides tax abatements under several different programs:

- Industrial property tax abatements are granted in the State of Michigan under Public Act 198 to promote economic development, creation of jobs, and new or improved facilities. The Industrial Facilities Tax (IFT) Exemption must be approved by both the City (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for up to 12 years. A certificate may be revoked, and taxes recaptured for noncompliance with the terms of the agreement. Property taxes abated by the City under this program for fiscal year 2022 amounted to \$116,162.
- The State of Michigan allows for Commercial Rehabilitation Exemption under Public Act 210 if making substantial improvements to a business or multi-family residential facility. The City had no Commercial Rehabilitation Exemptions for fiscal year 2022.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 18 - TAX ABATEMENTS (concluded)

- To incentivize new or expanded businesses, Public Act 328 allows for Personal Property Tax Exemptions for qualified businesses located within eligible distressed communities. The exemption must be approved by the City Council and the State Treasurer. Once approved, the taxpayer is exempt from personal property tax on new investments after the date of the exemption. The City can recapture the taxes if the business defaults on the terms of the written agreement. Property taxes abated by the City under this program for fiscal year 2022 amounted to \$3,695,861.
- The Brownfield Redevelopment Authority encourages environmental cleanup and economic development through its Brownfield Redevelopment Plan under Public Act 318. A developer performs redevelopment and cleanup activities at a site that is obsolete or blighted. The increased tax revenues resulting from the increase in taxable value are captured by the City and used to repay the developer for qualifying expenses. There is no provision for recovery of abated taxes because the developer is only paid for eligible expenses on a reimbursement-basis. Property taxes abated by the Authority under this program for fiscal year 2022, through direct reimbursement to developers from current tax captures, amounted to \$811,116. In addition, there are reserve liabilities reported in the financial statements that represent tax captures set aside for future developer reimbursements. Property taxes abated by the Authority under this program for fiscal year 2022 amounted to \$222,211.

NOTE 19 - ASSETS HELD BY FOUNDATION

During 2020 the City contributed \$1,296,395 from the sale of Waverly Park to the City of Lansing Parks and Recreation Endowment Fund, which is held by the Capital Region Community Foundation (CRCF) on behalf of the City, from which only a certain component is spendable. During 2022 the City contributed \$29,835. The expenditure related to the contribution is recorded within a nonmajor capital project fund. The CRCF has explicit variance power and therefore these amounts are not shown in the financial statements of the City. This variance power allows CRCF to modify any restrictions or considerations on the distributions of the funds. Distributions will be made to the City annually as requested, according to the spending guidelines. The City elected not to receive any distributions this year. At June 30, 2022, the fund has a value of \$1,440,294

NOTE 20 - CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2022, the City implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease asset and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

There was no material impact on the City's financial statements after the adoption of GASB Statement No. 87.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 20 - CHANGE IN ACCOUNTING PRINCIPLES (concluded)

While not material to the City as a whole, there was a material impact on the Lansing Entertainment & Public Facilities Authority, component unit, after the adoption of GASB Statement 87 and that has been reflected in their separately issued financial statements. In accordance with GASB 61, since this information is readily available in their separately issued financial statements, it is not duplicated here.

NOTE 21 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 22 - SUBSEQUENT EVENT

Subsequent to year end, the State of Michigan approved two draws for the City of Lansing from the State Clean Water Revolving Fund Loan program. The draws were on July 14, 2022, in the amount of \$4,528,834 and August 11, 2022, in the amount of \$3,533,600.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LANSING
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

| | Original Budget | Final Amended Budget | Actual | Variances with Final Budget Positive (Negative) |
|-----------------------------|--------------------|----------------------------|--------------------|--|
| REVENUES | | | | |
| Property taxes | \$ 46,075,000 | \$ 46,075,000 | \$ 46,226,914 | \$ 151,914 |
| Income taxes | 29,380,800 | 37,241,000 | 37,087,593 | (153,407) |
| Licenses and permits | 1,715,600 | 1,720,100 | 1,932,281 | 212,181 |
| Intergovernmental | 20,168,000 | 20,718,000 | 22,818,693 | 2,100,693 |
| Charges for services | 8,941,350 | 9,086,850 | 10,925,736 | 1,838,886 |
| Fines and forfeits | 1,777,600 | 1,777,600 | 1,335,250 | (442,350) |
| Interest and rents | 210,000 | 210,000 | 268,225 | 58,225 |
| Other | | | | |
| Donations and contributions | 25,065,000 | 25,378,614 | 25,213,665 | (164,949) |
| Miscellaneous | 19,048,000 | 173,000 | 139,730 | (33,270) |
| TOTAL REVENUES | 152,381,350 | 142,380,164 | 145,948,087 | 3,567,923 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | | | | |
| Attorney's office | 2,450,461 | 3,964,001 | 2,311,544 | 1,652,457 |
| City clerk | 1,485,525 | 1,485,525 | 1,589,380 | (103,855) |
| Council | 664,446 | 664,446 | 630,820 | 33,626 |
| Courts | 6,614,859 | 6,614,859 | 6,320,992 | 293,867 |
| Internal audit | 194,724 | 194,724 | 178,413 | 16,311 |
| Finance | 6,384,489 | 6,384,489 | 5,928,898 | 455,591 |
| Library rental | (1,265,000) | (1,265,000) | 519,080 | (1,784,080) |
| Human resources | 2,572,681 | 2,572,681 | 2,195,657 | 377,024 |
| Mayor | 1,618,281 | 1,618,281 | 1,650,918 | (32,637) |
| Office of community media | 583,262 | 583,262 | 557,793 | 25,469 |
| Contingency | 300,000 | - | - | - |
| Total general government | 21,603,728 | 22,817,268 | 21,883,495 | 933,773 |
| Public safety | | | | |
| Police | 49,911,211 | 50,004,825 | 49,770,377 | 234,448 |
| Fire | 38,811,479 | 38,811,479 | 39,436,031 | (624,552) |
| Total public safety | 88,722,690 | 88,816,304 | 89,206,408 | (390,104) |
| Public works | 12,677,987 | 12,677,987 | 12,941,208 | (263,221) |

**CITY OF LANSING
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (concluded)
YEAR ENDED JUNE 30, 2022**

| | Original Budget | Final Amended Budget | Actual | Variances with Final Budget Positive (Negative) |
|---|--------------------|----------------------------|---------------|--|
| EXPENDITURES (concluded) | | | | |
| Current (concluded) | | | | |
| Recreation and culture | \$ 9,017,392 | \$ 9,017,392 | \$ 9,134,233 | \$ (116,841) |
| Community and economic development | | | | |
| Economic development & planning | 6,083,740 | 6,268,740 | 5,971,011 | 297,729 |
| Neighborhood & community engagement | 1,232,199 | 1,332,199 | 1,288,676 | 43,523 |
| Human relations/community services | 1,934,094 | 1,934,094 | 1,700,434 | 233,660 |
| Human services/community support | 2,252,500 | 2,002,500 | 1,672,224 | 330,276 |
| Total community and economic development | 11,502,533 | 11,537,533 | 10,632,345 | 905,188 |
| Debt service | | | | |
| Principal | 1,860,400 | 1,860,400 | 2,018,747 | (158,347) |
| Interest and fiscal charges | 541,620 | 541,620 | 469,743 | 71,877 |
| Total debt service | 2,402,020 | 2,402,020 | 2,488,490 | (86,470) |
| TOTAL EXPENDITURES | 145,926,350 | 147,268,504 | 146,286,179 | 982,325 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 6,455,000 | (4,888,340) | (338,092) | 4,550,248 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 102,000 | 102,000 | - | (102,000) |
| Transfers in | 100,000 | 100,000 | 100,000 | - |
| Transfers out | (5,957,000) | (6,507,000) | (6,082,859) | 424,141 |
| TOTAL OTHER FINANCING SOURCES (USES) | (5,755,000) | (6,305,000) | (5,982,859) | 322,141 |
| NET CHANGE IN FUND BALANCE | 700,000 | (11,193,340) | (6,320,951) | 4,872,389 |
| Fund balance, beginning of year | 29,772,753 | 29,772,753 | 29,772,753 | - |
| Fund balance, end of year | \$ 30,472,753 | \$ 18,579,413 | \$ 23,451,802 | \$ 4,872,389 |

CITY OF LANSING
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

| | Original Budget | Final Amended Budget | Actual | Variances with Final Budget Positive (Negative) |
|--|--------------------|----------------------------|---------------|--|
| REVENUES | | | | |
| Intergovernmental | \$ 962,800 | \$ 962,800 | \$ 13,381,019 | \$ 12,418,219 |
| Charges for services | - | - | 639,413 | 639,413 |
| Interest and rents | - | - | 27,262 | 27,262 |
| Other revenues | 50,000 | 50,000 | (28,091) | (78,091) |
| TOTAL REVENUES | 1,012,800 | 1,012,800 | 14,019,603 | 13,006,803 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | - | - | 377,964 | (377,964) |
| Public works | - | - | 14,126 | (14,126) |
| Community and economic development | 1,012,800 | 1,012,800 | 13,863,374 | (12,850,574) |
| TOTAL EXPENDITURES | 1,012,800 | 1,012,800 | 14,255,464 | (13,242,664) |
| EXCESS OF REVENUES (UNDER) EXPENDITURES | - | - | (235,861) | (235,861) |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | - | 235,859 | 235,859 |
| NET CHANGE IN FUND BALANCE | - | - | (2) | (2) |
| Fund balance, beginning of year | 2 | 2 | 2 | - |
| Fund balance, end of year | \$ 2 | \$ 2 | \$ - | \$ (2) |

**CITY OF LANSING
CERA-MSHDA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

| | Original Budget | Final Amended Budget | Actual | Variances with Final Budget Positive (Negative) |
|------------------------------------|--------------------|----------------------------|---------------|--|
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 51,092,362 | \$ 51,092,362 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | - | - | 59,047 | (59,047) |
| Community and economic development | - | - | 50,898,386 | (50,898,386) |
| Debt service | | | | |
| Interest | - | - | 134,929 | (134,929) |
| TOTAL EXPENDITURES | - | - | 51,092,362 | (51,092,362) |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| Fund balance, beginning | - | - | - | - |
| Fund balance, ending | \$ - | \$ - | \$ - | \$ - |

CITY OF LANSING
DEFINED BENEFIT PENSION PLAN - EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| CHANGE IN TOTAL PENSION LIABILITY | | | | | | | | | |
| Service cost | \$ 2,827,879 | \$ 2,943,847 | \$ 2,738,099 | \$ 2,719,559 | \$ 2,538,487 | \$ 2,711,461 | \$ 2,977,084 | \$ 2,857,948 | \$ 2,982,624 |
| Interest | 21,523,899 | 21,890,652 | 21,360,398 | 21,512,099 | 21,994,837 | 22,403,009 | 22,268,516 | 22,671,909 | 22,722,630 |
| Difference between expected and actual experience | (4,473,505) | (2,504,529) | 7,219,344 | (2,559,726) | (6,451,827) | (23,183,264) | (4,937,823) | (6,422,330) | - |
| Changes of assumptions | - | 7,666,292 | - | - | 3,099,448 | 3,706,512 | 7,575,775 | - | - |
| Benefit payments, including employee refunds | (24,342,091) | (24,316,255) | (24,106,903) | (23,470,040) | (23,102,224) | (22,913,214) | (22,860,449) | (22,462,587) | (22,790,522) |
| Net Change in Total Pension Liability | (4,463,818) | 5,680,007 | 7,210,938 | (1,798,108) | (1,921,279) | (17,275,496) | 5,023,103 | (3,355,060) | 2,914,732 |
| Total Pension Liability, beginning | 316,621,592 | 310,941,585 | 303,730,647 | 305,528,755 | 307,450,034 | 324,725,530 | 319,702,427 | 323,057,487 | 320,142,755 |
| Total Pension Liability, ending | \$ 312,157,774 | \$ 316,621,592 | \$ 310,941,585 | \$ 303,730,647 | \$ 305,528,755 | \$ 307,450,034 | \$ 324,725,530 | \$ 319,702,427 | \$ 323,057,487 |
| CHANGE IN PLAN FIDUCIARY NET POSITION | | | | | | | | | |
| Contributions - employer | \$ 13,494,287 | \$ 12,649,529 | \$ 10,698,401 | \$ 10,880,932 | \$ 10,843,000 | \$ 10,246,872 | \$ 10,181,620 | \$ 10,547,556 | \$ 9,361,009 |
| Contributions - employee | 1,289,306 | 1,172,409 | 1,286,273 | 1,220,657 | 1,230,857 | 1,216,519 | 1,088,943 | 1,128,120 | 1,290,678 |
| Net investment income (loss) | (15,129,738) | 36,047,284 | (540,861) | 8,437,568 | 9,679,565 | 17,412,568 | (2,790,190) | 4,399,543 | 17,887,635 |
| Benefit payments, including employee refunds | (24,342,091) | (24,316,255) | (24,106,903) | (23,470,040) | (23,102,224) | (22,913,214) | (22,860,449) | (22,462,587) | (22,957,379) |
| Administrative expenses | (66,474) | (20,367) | (34,016) | (42,364) | (57,822) | (47,217) | (126,486) | (174,818) | (741,037) |
| Net Change in Plan Fiduciary Net Position | (24,754,710) | 25,532,600 | (12,697,106) | (2,973,247) | (1,406,624) | 5,915,528 | (14,506,562) | (6,562,186) | 4,840,906 |
| Plan Fiduciary Net Position, beginning | 178,421,063 | 152,888,463 | 165,585,569 | 168,558,816 | 169,965,440 | 164,049,912 | 178,556,474 | 185,118,660 | 180,277,754 |
| Plan Fiduciary Net Position, ending | \$ 153,666,353 | \$ 178,421,063 | \$ 152,888,463 | \$ 165,585,569 | \$ 168,558,816 | \$ 169,965,440 | \$ 164,049,912 | \$ 178,556,474 | \$ 185,118,660 |
| City's Net Pension Liability | \$ 158,491,421 | \$ 138,200,529 | \$ 158,053,122 | \$ 138,145,078 | \$ 136,969,939 | \$ 137,484,594 | \$ 160,675,618 | \$ 141,145,953 | \$ 137,938,827 |
| Plan fiduciary net position as a percentage of the total pension liability | 49.23% | 56.35% | 49.17% | 54.52% | 55.17% | 55.28% | 50.52% | 55.85% | 57.30% |
| Covered payroll | \$ 24,509,599 | \$ 26,001,896 | \$ 24,304,971 | \$ 23,265,437 | \$ 22,672,891 | \$ 20,901,389 | \$ 23,085,894 | \$ 19,769,460 | \$ 21,521,242 |
| City's net pension liability as a percentage of covered payroll | 646.7% | 531.5% | 650.3% | 593.8% | 604.1% | 657.8% | 696.0% | 714.0% | 640.9% |

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Assumption changes - there were several changes in actuarial assumptions during fiscal year 2022, based on an experience study completed in 2021, covering experience from 2015 through 2019. More details regarding actuarial assumptions can be found in the December 31, 2021 valuation reports for each system.

**CITY OF LANSING
DEFINED BENEFIT PENSION PLAN - EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contributions | \$ 12,737,487 | \$ 12,349,529 | \$ 10,698,401 | \$ 10,880,932 | \$ 10,185,060 | \$ 10,246,872 | \$ 10,181,620 | \$ 10,547,556 | \$ 9,361,009 | \$ 8,586,536 |
| Contributions in relation to the actuarially determined contribution | 12,737,487 | 12,349,529 | 10,698,401 | 10,880,932 | 10,843,000 | 10,246,872 | 10,181,620 | 10,547,556 | 9,361,009 | 8,586,536 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ (657,940) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 24,509,899 | \$ 26,001,896 | \$ 24,304,971 | \$ 23,265,437 | \$ 22,672,891 | \$ 20,901,389 | \$ 23,085,894 | \$ 19,769,460 | \$ 21,521,242 | \$ 20,874,143 |
| Contributions as a percentage of covered payroll | 51.97% | 47.49% | 44.02% | 46.77% | 47.82% | 49.02% | 44.10% | 53.35% | 43.50% | 41.13% |

The actuarially determined contribution was based on projected covered payroll. Employer contributions were made in full based on actual covered payroll. Accordingly, the actuarially determined contribution has been expressed above as a percentage of actual payroll.

Actuarial valuation information relative to the determination of contributions:

Valuation date: December 31, 2021
Notes: Actuarially determined contribution amounts are calculated as of January 1 every year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level percent of payroll over a closed period
Remaining amortization period 19 years
Asset valuation method 5 years smoothed market
Inflation 2.50%
Projected salary increases Increases in salary are assumed to increase with inflation annually, plus an additional amount that varies based on the service of the member as shown below:

| Years of Service | UAW | Years of Service | All Others |
|------------------|-------|------------------|------------|
| 0-9 | 3.25% | 0-5 | 7.50% |
| 10-18 | 1.00% | 6-15 | 1.00% |
| 19+ | 0.50% | 16+ | 0.00% |

Investment rate of return 7.00%, net of investment expense and including inflation
Retirement age Age-based table of rates that are specific to the type of eligibility condition.
Mortality rates Mortality is based on the Pub2010S tables (below median), 50% for pre-retirement deaths. For disabled members, the disabled versions of these tables are used. Each of these tables is projected generationally with Scale SSA (2020).

**CITY OF LANSING
DEFINED BENEFIT PENSION PLAN - EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RETURNS
LAST NINE FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------|--------|--------|-------|-------|--------|--------|-------|--------|
| Annual money-weighted rate of return, net of investment expense | -8.82% | 24.71% | -0.34% | 5.17% | 5.87% | 10.91% | -1.60% | 2.43% | 13.67% |

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF LANSING
DEFINED BENEFIT PENSION PLAN - POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| CHANGE IN TOTAL PENSION LIABILITY | | | | | | | | | |
| Service cost | \$ 7,269,988 | \$ 6,961,705 | \$ 6,526,273 | \$ 6,801,669 | \$ 6,533,877 | \$ 6,133,683 | \$ 6,371,845 | \$ 6,350,378 | \$ 6,614,784 |
| Interest | 33,647,916 | 32,984,834 | 32,689,419 | 31,573,535 | 30,641,722 | 30,519,676 | 30,197,513 | 29,159,382 | 27,896,927 |
| Changes of benefit terms | - | - | - | - | 779 | - | - | - | - |
| Difference between expected and actual experience | 6,641,422 | (2,944,445) | (1,062,537) | 10,590,030 | 8,263,623 | (19,308,117) | 7,884,167 | 3,159,996 | - |
| Changes of assumptions | - | 24,025,142 | - | - | 1,647,044 | 25,078,592 | 3,281,341 | - | - |
| Benefit payments, including employee refunds | <u>(36,188,116)</u> | <u>(35,040,363)</u> | <u>(33,987,421)</u> | <u>(32,609,254)</u> | <u>(31,757,151)</u> | <u>(31,102,186)</u> | <u>(29,503,964)</u> | <u>(27,969,021)</u> | <u>(26,270,724)</u> |
| Net Change in Total Pension Liability | 11,371,210 | 25,986,873 | 4,165,734 | 16,355,980 | 15,329,894 | 11,321,648 | 18,230,902 | 10,700,735 | 8,240,987 |
| Total Pension Liability, beginning | <u>491,508,579</u> | <u>465,521,706</u> | <u>461,355,972</u> | <u>444,999,992</u> | <u>429,670,098</u> | <u>418,348,450</u> | <u>400,117,548</u> | <u>389,416,813</u> | <u>381,175,826</u> |
| Total Pension Liability, ending | <u>\$ 502,879,789</u> | <u>\$ 491,508,579</u> | <u>\$ 465,521,706</u> | <u>\$ 461,355,972</u> | <u>\$ 444,999,992</u> | <u>\$ 429,670,098</u> | <u>\$ 418,348,450</u> | <u>\$ 400,117,548</u> | <u>\$ 389,416,813</u> |
| CHANGE IN PLAN FIDUCIARY NET POSITION | | | | | | | | | |
| Contributions - employer | \$ 19,609,552 | \$ 18,250,155 | \$ 15,457,647 | \$ 13,554,239 | \$ 12,686,000 | \$ 11,521,768 | \$ 10,884,312 | \$ 11,050,091 | \$ 11,248,857 |
| Contributions - employee | 2,722,350 | 3,207,122 | 3,459,452 | 3,485,891 | 2,650,019 | 2,840,914 | 2,608,214 | 2,950,832 | 2,911,896 |
| Net investment income (loss) | (32,083,115) | 68,910,089 | 1,047,240 | 17,943,950 | 19,937,149 | 32,116,305 | (6,040,910) | 8,965,080 | 34,016,621 |
| Benefit payments, including employee refunds | (36,188,116) | (35,040,363) | (33,987,421) | (32,609,254) | (31,757,151) | (31,102,186) | (29,503,964) | (27,969,021) | (26,852,038) |
| Administrative expenses | <u>(88,992)</u> | <u>(24,177)</u> | <u>(41,599)</u> | <u>(53,318)</u> | <u>(77,237)</u> | <u>(50,996)</u> | <u>(128,903)</u> | <u>(173,849)</u> | <u>(1,141,506)</u> |
| Net Change in Plan Fiduciary Net Position | (46,028,321) | 55,302,826 | (14,064,681) | 2,321,508 | 3,438,780 | 15,325,805 | (22,181,251) | (5,176,867) | 20,183,830 |
| Plan Fiduciary Net Position, beginning | <u>335,439,636</u> | <u>280,136,810</u> | <u>294,201,491</u> | <u>291,879,983</u> | <u>288,441,203</u> | <u>273,115,398</u> | <u>295,296,649</u> | <u>300,473,516</u> | <u>280,289,686</u> |
| Plan Fiduciary Net Position, ending | <u>\$ 289,411,315</u> | <u>\$ 335,439,636</u> | <u>\$ 280,136,810</u> | <u>\$ 294,201,491</u> | <u>\$ 291,879,983</u> | <u>\$ 288,441,203</u> | <u>\$ 273,115,398</u> | <u>\$ 295,296,649</u> | <u>\$ 300,473,516</u> |
| City's Net Pension Liability | <u>\$ 213,468,474</u> | <u>\$ 156,068,943</u> | <u>\$ 185,384,896</u> | <u>\$ 167,154,481</u> | <u>\$ 153,120,009</u> | <u>\$ 141,228,895</u> | <u>\$ 145,233,052</u> | <u>\$ 104,820,899</u> | <u>\$ 88,943,297</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 57.55% | 68.25% | 60.18% | 63.77% | 65.59% | 67.13% | 65.28% | 73.80% | 77.16% |
| Covered payroll | \$ 31,354,796 | \$ 29,636,017 | \$ 28,977,408 | \$ 29,638,532 | \$ 28,435,952 | \$ 27,585,521 | \$ 27,078,405 | \$ 24,407,740 | \$ 25,611,974 |
| City's net pension asset as a percentage of covered payroll | 680.8% | 526.6% | 639.8% | 564.0% | 538.5% | 512.0% | 536.3% | 429.5% | 347.3% |

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Assumption changes - there were several changes in actuarial assumptions during fiscal year 2022, based on an experience study completed in 2021, covering experience from 2015 through 2019. More details regarding actuarial assumptions can be found in the December 31, 2021 valuation reports for each system.

**CITY OF LANSING
DEFINED BENEFIT PENSION PLAN - POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|---------------|---------------|---------------|---------------|---------------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contributions | \$ 18,263,635 | \$ 16,950,155 | \$ 15,457,647 | \$ 13,554,239 | \$ 12,562,547 | \$ 11,521,768 | \$ 10,884,312 | \$ 11,050,091 | \$ 11,248,857 | \$ 10,133,599 |
| Contributions in relation to the actuarially determined contribution | 18,263,635 | 16,950,155 | 15,457,647 | 13,554,239 | 12,686,000 | 11,521,768 | 10,884,312 | 11,050,091 | 11,248,857 | 10,133,599 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (123,453)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 31,354,796 | \$ 29,636,017 | \$ 28,977,408 | \$ 29,638,532 | \$ 28,435,952 | \$ 27,585,521 | \$ 27,078,405 | \$ 24,407,740 | \$ 26,405,725 | \$ 25,636,626 |
| Contributions as a percentage of covered payroll | 58.25% | 57.19% | 53.34% | 45.73% | 44.61% | 41.77% | 40.20% | 45.27% | 42.60% | 39.53% |

The actuarially determined contribution was based on projected covered payroll. Employer contributions were made in full based on actual covered payroll. Accordingly, the actuarially determined contribution has been expressed above as a percentage of actual payroll.

Actuarial valuation information relative to the determination of contributions:

Valuation date: December 31, 2021
Notes: Actuarially determined contribution amounts are calculated as of January 1 every year.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent of payroll over a closed period |
| Remaining amortization period | 19 years |
| Asset valuation method | 5 years smoothed market |
| Inflation | 2.50% |
| Projected salary increases | Increases in salary are assumed to be equal to inflation, plus 7.25% for those with less than 5 years of service or 1.00% for all others. |
| Investment rate of return | 7.00%, net of investment expense and including inflation. |
| Retirement age | Age-based table of rates that are specific to the type of eligibility condition. |
| Mortality rates | Mortality is based on the Pub2010S (below median), 50% for pre-retirement deaths. For disabled members, the disabled versions of these tables are assumed. Each of these tables is projected generationally with scale SSA (2020). |

CITY OF LANSING
DEFINED BENEFIT PENSION PLAN - POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RETURNS
LAST NINE FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | -9.86% | 25.50% | 0.37% | 6.30% | 7.10% | 12.06% | -2.09% | 3.04% | 17.28% |

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF LANSING
OTHER POSTEMPLOYMENT BENEFITS PLAN - EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST SIX MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| CHANGE IN TOTAL OPEB LIABILITY | | | | | | |
| Service cost | \$ 1,603,045 | \$ 1,560,141 | \$ 1,518,385 | \$ 1,477,747 | \$ 1,438,197 | \$ 1,550,428 |
| Interest | 10,562,939 | 11,335,921 | 13,143,168 | 12,990,219 | 13,221,134 | 12,976,683 |
| Difference between expected and actual experience | - | (39,503,661) | (19,498,451) | - | (9,321,837) | - |
| Changes of assumptions | - | (66,716,444) | 39,986,554 | 3,614,432 | (2,727,829) | - |
| Benefit payments, including refunds of member contributions | (8,350,052) | (9,395,594) | (10,444,878) | (10,573,488) | (10,286,249) | (10,116,593) |
| Net Change in Total OPEB Liability | 3,815,932 | (102,719,637) | 24,704,778 | 7,508,910 | (7,676,584) | 4,410,518 |
| Total OPEB Liability, beginning | 153,400,498 | 256,120,135 | 231,415,357 | 223,906,447 | 231,583,031 | 227,172,513 |
| Total OPEB Liability, ending | <u>\$ 157,216,430</u> | <u>\$ 153,400,498</u> | <u>\$ 256,120,135</u> | <u>\$ 231,415,357</u> | <u>\$ 223,906,447</u> | <u>\$ 231,583,031</u> |
| CHANGE IN PLAN FIDUCIARY NET POSITION | | | | | | |
| Employer contributions | \$ 10,643,555 | \$ 10,424,468 | \$ 11,461,488 | \$ 11,848,485 | \$ 11,436,222 | \$ 11,305,756 |
| OPEB plan net investment income | (11,324,122) | 11,001,355 | 4,366,514 | 3,040,683 | 4,329,577 | 5,209,669 |
| Benefit payments, including refunds of member contributions | (8,350,052) | (9,395,594) | (10,444,878) | (10,573,488) | (10,286,249) | (10,116,593) |
| Administrative expenses | (611,703) | (728,874) | (636,610) | (548,939) | (444,973) | (389,163) |
| Net Change in Plan Fiduciary Net Position | (9,642,322) | 11,301,355 | 4,746,514 | 3,766,741 | 5,034,577 | 6,009,669 |
| Plan Fiduciary Net Position, beginning | 79,529,913 | 68,228,558 | 63,482,044 | 59,715,303 | 54,680,726 | 48,671,057 |
| Plan Fiduciary Net Position, ending | <u>\$ 69,887,591</u> | <u>\$ 79,529,913</u> | <u>\$ 68,228,558</u> | <u>\$ 63,482,044</u> | <u>\$ 59,715,303</u> | <u>\$ 54,680,726</u> |
| Plan's Net OPEB Liability | <u>\$ 87,328,839</u> | <u>\$ 73,870,585</u> | <u>\$ 187,891,577</u> | <u>\$ 167,933,313</u> | <u>\$ 164,191,144</u> | <u>\$ 176,902,305</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 44.45% | 51.84% | 26.64% | 27.43% | 26.67% | 23.61% |
| Covered payroll | \$ 26,747,483 | \$ 24,292,037 | \$ 25,453,989 | \$ 23,720,424 | \$ 21,251,418 | \$ 20,901,289 |
| Plan's net OPEB liability as a percentage of covered payroll | 326.49% | 304.09% | 738.16% | 707.97% | 772.61% | 846.37% |

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Assumption changes - there were no changes of assumptions in 2022.

**CITY OF LANSING
OTHER POSTEMPLOYMENT BENEFITS PLAN - EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS**

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|-----------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contributions | \$ 7,100,834 | \$ 7,100,834 | \$ 10,504,140 | \$ 10,198,194 | \$ 10,910,284 | \$ 10,582,235 | \$ 11,447,334 | \$ 13,270,701 | \$ 14,057,619 | \$ 12,775,667 |
| Contributions in relation to the actuarially determined contribution | <u>10,643,555</u> | <u>10,424,468</u> | <u>11,461,488</u> | <u>11,848,485</u> | <u>11,436,222</u> | <u>11,305,756</u> | <u>8,814,471</u> | <u>9,212,322</u> | <u>11,048,992</u> | <u>10,147,780</u> |
| Contribution deficiency (excess) | <u>\$ (3,542,721)</u> | <u>\$ (3,323,634)</u> | <u>\$ (957,348)</u> | <u>\$ (1,650,291)</u> | <u>\$ (525,938)</u> | <u>\$ (723,521)</u> | <u>\$ 2,632,863</u> | <u>\$ 4,058,379</u> | <u>\$ 3,008,627</u> | <u>\$ 2,627,887</u> |
| Covered payroll | \$ 26,747,483 | \$ 24,292,037 | \$ 25,435,989 | \$ 23,720,424 | \$ 21,251,418 | \$ 20,901,389 | \$ 23,085,894 | \$ 19,769,460 | \$ 21,521,242 | \$ 20,874,143 |
| Contributions as a percentage of covered payroll | 39.8% | 42.9% | 45.1% | 50.0% | 53.8% | 54.1% | 38.2% | 46.6% | 51.3% | 48.6% |

Actuarial valuation information relative to the determination of contributions:

Valuation date: January 1, 2021

Notes: Actuarially determined contribution amounts are calculated as of January 1 every year.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 20 years |
| Asset valuation method | 5 years smoothed market |
| Inflation | 2.50% |
| Investment rate of return | 7.0%, net of OPEB plan investment expense and including inflation. |
| Retirement age | Age-based table of rates that are specific to the type of eligibility condition. |
| Mortality rates | Pub2010G tables, below median and headcount weighted, projected generationally using MP-2020. |
| Health care trend rates | |
| Pre-Medicare | 7.50% for the first year, gradually decreasing by .25% to 4.50% in year 13 and thereafter. |
| Medicare | 5.75% for the first year, gradually decreasing by .25% to 4.50% in year 6 and thereafter. |

CITY OF LANSING
OTHER POSTEMPLOYMENT BENEFITS PLAN - EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RETURNS
LAST SIX MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | -15.16% | 14.89% | 6.63% | 4.17% | 7.10% | 9.90% |

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF LANSING
OTHER POSTEMPLOYMENT BENEFITS PLAN - POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST SIX MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| CHANGE IN TOTAL OPEB LIABILITY | | | | | | |
| Service cost | \$ 3,800,121 | \$ 3,698,415 | \$ 3,599,431 | \$ 3,503,096 | \$ 3,409,339 | \$ 3,749,359 |
| Interest | 13,536,620 | 15,112,018 | 15,551,609 | 15,565,892 | 15,994,328 | 15,584,783 |
| Difference between expected and actual experience | - | (71,213,994) | 18,584,560 | - | (17,811,401) | - |
| Changes of assumptions | - | (162,399,773) | 91,997,958 | 18,652,834 | (7,445,354) | - |
| Benefit payments, including refunds of member contributions | <u>(7,956,471)</u> | <u>(10,836,077)</u> | <u>(13,132,398)</u> | <u>(12,271,014)</u> | <u>(11,960,557)</u> | <u>(11,065,440)</u> |
| Net Change in Total OPEB Liability | 9,380,270 | (225,639,411) | 116,601,160 | 25,450,808 | (17,813,645) | 8,268,702 |
| Total OPEB Liability, beginning | <u>193,491,109</u> | <u>419,130,520</u> | <u>302,529,360</u> | <u>277,078,552</u> | <u>294,892,197</u> | <u>286,623,495</u> |
| Total OPEB Liability, ending | <u>\$ 202,871,379</u> | <u>\$ 193,491,109</u> | <u>\$ 419,130,520</u> | <u>\$ 302,529,360</u> | <u>\$ 277,078,552</u> | <u>\$ 294,892,197</u> |
| CHANGE IN PLAN FIDUCIARY NET POSITION | | | | | | |
| Employer contributions | \$ 9,974,904 | \$ 12,951,908 | \$ 14,971,737 | \$ 13,500,687 | \$ 13,163,201 | \$ 12,290,749 |
| OPEB plan net investment income | (7,645,295) | 3,408,741 | 2,998,056 | 290,543 | 3,572,965 | 3,487,200 |
| Benefit payments, including refunds of member contributions | (7,956,471) | (10,836,077) | (13,132,398) | (12,271,014) | (11,960,557) | (11,065,440) |
| Administrative expenses | <u>(672,516)</u> | <u>(815,831)</u> | <u>(529,339)</u> | <u>(627,673)</u> | <u>(600,644)</u> | <u>(525,309)</u> |
| Net Change in Plan Fiduciary Net Position | (6,299,378) | 4,708,741 | 4,308,056 | 892,543 | 4,174,965 | 4,187,200 |
| Plan Fiduciary Net Position, beginning | <u>48,217,543</u> | <u>43,508,802</u> | <u>39,200,746</u> | <u>38,308,203</u> | <u>34,133,238</u> | <u>29,946,038</u> |
| Plan Fiduciary Net Position, ending | <u>\$ 41,918,165</u> | <u>\$ 48,217,543</u> | <u>\$ 43,508,802</u> | <u>\$ 39,200,746</u> | <u>\$ 38,308,203</u> | <u>\$ 34,133,238</u> |
| Plan's Net OPEB Liability | <u>\$ 160,953,214</u> | <u>\$ 145,273,566</u> | <u>\$ 375,621,718</u> | <u>\$ 263,328,614</u> | <u>\$ 238,770,349</u> | <u>\$ 260,758,959</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 20.66% | 24.92% | 10.38% | 12.96% | 13.83% | 11.57% |
| Covered payroll | \$ 27,116,594 | \$ 29,636,017 | \$ 29,774,287 | \$ 28,435,953 | \$ 20,667,007 | \$ 27,585,521 |
| Plan's net OPEB liability as a percentage of covered payroll | 593.56% | 490.19% | 1261.56% | 926.04% | 1155.32% | 945.27% |

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Assumption changes - there were no changes of assumptions in 2022.

CITY OF LANSING
OTHER POSTEMPLOYMENT BENEFITS PLAN - POLICE AND FIRE RETIREMENT SERVICES
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contributions | \$ 13,178,502 | \$ 13,178,502 | \$ 15,674,604 | \$ 15,218,062 | \$ 15,968,029 | \$ 19,759,521 | \$ 17,276,901 | \$ 17,923,366 | \$ 16,945,536 | \$ 17,489,692 |
| Contributions in relation to the actuarially determined contribution | <u>9,974,904</u> | <u>12,951,908</u> | <u>14,971,737</u> | <u>13,500,687</u> | <u>13,163,201</u> | <u>12,290,749</u> | <u>12,879,016</u> | <u>11,561,406</u> | <u>11,198,663</u> | <u>11,170,202</u> |
| Contribution deficiency (excess) | <u>\$ 3,203,598</u> | <u>\$ 226,594</u> | <u>\$ 702,867</u> | <u>\$ 1,717,375</u> | <u>\$ 2,804,828</u> | <u>\$ 7,468,772</u> | <u>\$ 4,397,885</u> | <u>\$ 6,361,960</u> | <u>\$ 5,746,873</u> | <u>\$ 6,319,490</u> |
| Covered payroll | \$ 27,116,594 | \$ 29,636,017 | \$ 29,774,287 | \$ 28,435,953 | \$ 20,667,007 | \$ 27,585,521 | \$ 27,078,405 | \$ 24,407,740 | \$ 26,405,725 | \$ 25,636,626 |
| Contributions as a percentage of covered payroll | 36.8% | 43.7% | 50.3% | 47.5% | 63.7% | 44.6% | 47.6% | 47.4% | 42.4% | 43.6% |

Actuarial valuation information relative to the determination of contributions:

Valuation date: January 1, 2021
Notes: Actuarially determined contribution amounts are calculated as of January 1 every year.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 20 years |
| Asset valuation method | 5 years smoothed market |
| Inflation | 2.50% |
| Investment rate of return | 7.0%, net of OPEB plan investment expense and including inflation. |
| Retirement age | Age-based table of rates that are specific to the type of eligibility condition. |
| Mortality rates | Pub2010G tables, below median and headcount weighted, projected generationally using MP-2020. |
| Health care trend rates | |
| Pre-Medicare | 7.50% for the first year, gradually decreasing by .25% to 4.50% in year 13 and thereafter. |
| Medicare | 5.75% for the first year, gradually decreasing by .25% to 4.50% in year 6 and thereafter. |

CITY OF LANSING
OTHER POSTEMPLOYMENT BENEFITS PLAN - POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RETURNS
LAST SIX MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | -16.96% | 7.43% | 7.25% | -0.88% | 8.71% | 9.89% |

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF LANSING
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

State statutes provide that a local government unit not incur expenditures in excess of the amounts appropriated. The City's budgeted expenditures for the General Fund have been shown at the activity level. Within the General Fund, the legal level of budgetary control is the mandatory expenditure accounts (personal services, supplies and operating expenses, capital outlay, debt service, transfers, and contingency) within each department. Within other funds, the legal level of budgetary control is the mandatory expenditure accounts (personal services, supplies and operating expenses, capital outlay, debt service, transfers, and contingency) within that fund. Transfers between appropriations (mandatory accounts) required City Council approval. An exception to City Council approval is allowed by City Charter for transfers between appropriations (mandatory accounts) for amounts less than five thousand dollars, but not in excess of 15% of the appropriation in cases where five thousand dollars exceeds 15% of the appropriation.

During the year ended June 30, 2022, the City incurred expenditures in the General Fund and certain Special Revenue Funds as noted in excess of the amounts appropriated as follows:

| | <u>Amounts Appropriated</u> | <u>Amounts Expended</u> | <u>Variance</u> |
|------------------------------------|---------------------------------|-----------------------------|-----------------|
| General Fund | | | |
| Current | | | |
| General government | | | |
| City clerk | \$ 1,485,525 | \$ 1,589,380 | \$ (103,855) |
| Library rental | (1,265,000) | 519,080 | (1,784,080) |
| Mayor | 1,618,281 | 1,650,918 | (32,637) |
| Public safety | | | |
| Fire | 38,811,479 | 39,436,031 | (624,552) |
| Recreation and culture | 9,017,392 | 9,134,233 | (116,841) |
| Debt service | 2,402,020 | 2,488,490 | (86,470) |
| State and Federal Grants Fund | | | |
| Current | | | |
| Public safety | - | 377,964 | (377,964) |
| Public works | - | 14,126 | (14,126) |
| Community development | 1,012,800 | 13,863,374 | (12,850,574) |
| CERA-MSHDA | | | |
| Current | | | |
| General government | - | 59,047 | (59,047) |
| Community and economic development | - | 50,898,386 | (50,898,386) |
| Debt service | - | 134,929 | (134,929) |
| Major Streets | | | |
| Capital outlay | 4,980,000 | 8,473,067 | (3,493,067) |
| Tri-County Metro | | | |
| Current | | | |
| Public safety | 552,000 | 644,879 | (92,879) |

OTHER SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CITY OF LANSING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

| | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Permanent Funds | Total |
|--|-----------------------------|-------------------------|------------------------------|---------------------|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 48,000 | \$ - | \$ 8,509,288 | \$ - | \$ 8,557,288 |
| Equity in pooled cash and investments | 21,952,714 | 29,361 | 10,313,372 | 1,805,027 | 34,100,474 |
| Receivables | | | | | |
| Accounts, net | 21,615 | - | 5,308,705 | - | 5,330,320 |
| Loans | 1,185,000 | - | - | - | 1,185,000 |
| Accrued interest | 2,350,196 | - | - | - | 2,350,196 |
| Special assessments | | | | | |
| Current | - | - | 420,578 | - | 420,578 |
| Noncurrent | - | - | 10,294,161 | - | 10,294,161 |
| Due from other governmental units | 3,580,605 | - | - | - | 3,580,605 |
| Inventories | 1,348,300 | - | - | - | 1,348,300 |
| Prepays | 250 | - | - | - | 250 |
| TOTAL ASSETS | \$ 30,486,680 | \$ 29,361 | \$ 34,846,104 | \$ 1,805,027 | \$ 67,167,172 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 1,384,395 | \$ - | \$ 1,630,880 | \$ - | \$ 3,015,275 |
| Accrued liabilities | 92,912 | - | - | - | 92,912 |
| Indemnity bonds | 43,867 | - | - | - | 43,867 |
| Due to other funds | 478,834 | - | - | - | 478,834 |
| Due to other governmental units | 310,476 | - | - | - | 310,476 |
| Undistributed forfeitures | 14,600 | - | - | - | 14,600 |
| Unearned revenue | 46,005 | - | 80,000 | - | 126,005 |
| TOTAL LIABILITIES | 2,371,089 | - | 1,710,880 | - | 4,081,969 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - loans and accrued interest receivable | 3,442,480 | - | 5,125,000 | - | 8,567,480 |
| Unavailable revenue - special assessments | - | - | 10,294,161 | - | 10,294,161 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 3,442,480 | - | 15,419,161 | - | 18,861,641 |
| FUND BALANCES | | | | | |
| Nonspendable | 1,348,550 | - | - | 1,805,027 | 3,153,577 |
| Restricted | 22,832,972 | 29,361 | 13,015,138 | - | 35,877,471 |
| Committed | 491,589 | - | 4,700,925 | - | 5,192,514 |
| TOTAL FUND BALANCES | 24,673,111 | 29,361 | 17,716,063 | 1,805,027 | 44,223,562 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 30,486,680 | \$ 29,361 | \$ 34,846,104 | \$ 1,805,027 | \$ 67,167,172 |

CITY OF LANSING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

| | Special Revenue Funds | Debt Service Fund | Capital Projects Funds | Permanent Funds | Total |
|---|-----------------------------|-------------------------|------------------------------|---------------------|----------------------|
| REVENUES | | | | | |
| Property taxes and special assessments | \$ 424,886 | \$ - | \$ 1,358,807 | \$ - | \$ 1,783,693 |
| Intergovernmental | 25,791,952 | - | - | - | 25,791,952 |
| Charges for services | 3,553,653 | - | 455,768 | - | 4,009,421 |
| Fines and forfeits | 241,033 | - | - | - | 241,033 |
| Interest income (loss) and rents | 38,139 | - | - | (213,936) | (175,797) |
| Other | 435,458 | - | - | - | 435,458 |
| TOTAL REVENUES | 30,485,121 | - | 1,814,575 | (213,936) | 32,085,760 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 3,530,734 | - | - | - | 3,530,734 |
| Public safety | 746,942 | - | - | - | 746,942 |
| Highways and streets | 11,450,485 | - | - | - | 11,450,485 |
| Community and economic development | 1,390,328 | - | - | - | 1,390,328 |
| Debt service | | | | | |
| Principal | 1,387,289 | - | 1,112,880 | - | 2,500,169 |
| Interest and fiscal charges | 295,724 | - | 1,103,281 | - | 1,399,005 |
| Capital outlay | 10,941,270 | - | 7,455,647 | - | 18,396,917 |
| TOTAL EXPENDITURES | 29,742,772 | - | 9,671,808 | - | 39,414,580 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 742,349 | - | (7,857,233) | (213,936) | (7,328,820) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from debt issuances | - | - | 27,559,000 | - | 27,559,000 |
| Payment to refunding bond escrow agent | - | - | (8,621,566) | - | (8,621,566) |
| Proceeds from sale of capital assets | - | - | 400,000 | - | 400,000 |
| Transfers in | 6,435,000 | - | 3,412,000 | 28,000 | 9,875,000 |
| Transfers out | (4,000,000) | - | (725,000) | - | (4,725,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | 2,435,000 | - | 22,024,434 | 28,000 | 24,487,434 |
| NET CHANGE IN FUND BALANCES | 3,177,349 | - | 14,167,201 | (185,936) | 17,158,614 |
| Fund balances, beginning of year | 21,495,762 | 29,361 | 3,548,862 | 1,990,963 | 27,064,948 |
| Fund balances, end of year | <u>\$ 24,673,111</u> | <u>\$ 29,361</u> | <u>\$ 17,716,063</u> | <u>\$ 1,805,027</u> | <u>\$ 44,223,562</u> |

**CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS**

Major Streets Fund

This fund accounts for revenues received from the State of Michigan for the City's share of state gasoline and weight taxes, which is restricted for maintenance of major streets.

Local Streets Fund

This fund accounts for revenues received from the State of Michigan for the City's share of state gasoline and weight taxes, which is restricted for maintenance of local streets.

Drug Law Enforcement Federal Fund

This fund accounts for federal revenues, from the Departments of Justice and Treasury, set aside for drug law enforcement under the provisions of Federal Grant Agreements.

Drug Law Enforcement State and Local Fund

This fund accounts for state and local revenues, from the Departments of Justice and Treasury, set aside for drug law enforcement under the provisions of State of Michigan Public Act 135 of 1985, as amended.

Community Development Block Grant Program Fund

This fund accounts for revenues received from the Department of Housing and Urban Development. These revenues are restricted to accomplishing the various objectives of Community Development Block Grant Programs, within specific target areas.

Downtown Lansing, Inc. Fund

This fund accounts for assessments received from businesses located in the district. The revenues are used for special events and maintenance of the district.

Building Department Fund

This fund accounts for revenues and expenditures resulting from the enforcement of the State Construction Code Act of 1999 (PA 245 of 1999).

Parks Department Fund

This fund accounts for contributions and transfers which are restricted for park expenditures.

Tri-County Metro Fund

This fund accounts for the operations of the Tri-County Metro Narcotics Squad.

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

| | Major Streets | Local Streets | Drug Law Enforcement Federal | Drug Law Enforcement State and Local |
|--|----------------------|---------------------|------------------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 23,000 |
| Equity in pooled cash and investments | 11,216,741 | 4,404,041 | 204,095 | 367,218 |
| Receivables | | | | |
| Accounts, net | - | - | - | - |
| Loans | - | - | - | - |
| Accrued interest | - | - | - | - |
| Due from other governmental units | 2,395,272 | 559,937 | - | - |
| Inventories | 1,348,300 | - | - | - |
| Prepays | - | - | - | - |
| TOTAL ASSETS | \$ 14,960,313 | \$ 4,963,978 | \$ 204,095 | \$ 390,218 |
| LIABILITIES | | | | |
| Accounts payable | \$ 935,603 | \$ 215,220 | \$ 7,235 | \$ 94,761 |
| Accrued payroll and related | - | 4,084 | - | - |
| Indemnity bonds | 43,867 | - | - | - |
| Due to other funds | - | - | - | - |
| Due to other governmental units | - | - | - | - |
| Undistributed forfeitures | - | - | - | - |
| Unearned revenue | 41,942 | - | - | - |
| TOTAL LIABILITIES | 1,021,412 | 219,304 | 7,235 | 94,761 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | - | - | - | - |
| FUND BALANCES | | | | |
| Nonspendable | 1,348,300 | - | - | - |
| Restricted | 12,590,601 | 4,744,674 | 196,860 | 295,457 |
| Committed | - | - | - | - |
| TOTAL FUND BALANCES | 13,938,901 | 4,744,674 | 196,860 | 295,457 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 14,960,313 | \$ 4,963,978 | \$ 204,095 | \$ 390,218 |

| Community Development Block Grant Program | Downtown Lansing, Inc. | Building Department | Parks Department | Tri-County Metro | Total |
|--|---------------------------|------------------------|---------------------|---------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 25,000 | \$ 48,000 |
| - | 440,207 | 4,413,125 | 491,589 | 415,698 | 21,952,714 |
| - | - | 21,615 | - | - | 21,615 |
| 1,185,000 | - | - | - | - | 1,185,000 |
| 2,350,196 | - | - | - | - | 2,350,196 |
| 483,695 | - | - | - | 141,701 | 3,580,605 |
| - | - | - | - | - | 1,348,300 |
| - | 250 | - | - | - | 250 |
| <u>\$ 4,018,891</u> | <u>\$ 440,457</u> | <u>\$ 4,434,740</u> | <u>\$ 491,589</u> | <u>\$ 582,399</u> | <u>\$ 30,486,680</u> |
| \$ 72,935 | \$ 27,956 | \$ 13,118 | \$ - | \$ 17,567 | \$ 1,384,395 |
| 24,641 | 10,632 | 50,985 | - | 2,570 | 92,912 |
| - | - | - | - | - | 43,867 |
| 478,834 | - | - | - | - | 478,834 |
| - | - | - | - | 310,476 | 310,476 |
| - | - | - | - | 14,600 | 14,600 |
| - | - | 4,063 | - | - | 46,005 |
| <u>576,410</u> | <u>38,588</u> | <u>68,166</u> | <u>-</u> | <u>345,213</u> | <u>2,371,089</u> |
| <u>3,442,480</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,442,480</u> |
| - | 250 | - | - | - | 1,348,550 |
| 1 | 401,619 | 4,366,574 | - | 237,186 | 22,832,972 |
| - | - | - | 491,589 | - | 491,589 |
| <u>1</u> | <u>401,869</u> | <u>4,366,574</u> | <u>491,589</u> | <u>237,186</u> | <u>24,673,111</u> |
| <u>\$ 4,018,891</u> | <u>\$ 440,457</u> | <u>\$ 4,434,740</u> | <u>\$ 491,589</u> | <u>\$ 582,399</u> | <u>\$ 30,486,680</u> |

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

| | Major Streets | Local Streets | Drug Law Enforcement Federal | Drug Law Enforcement State and Local |
|---|----------------------|---------------------|------------------------------------|---|
| REVENUES | | | | |
| Property taxes and special assessments | \$ 19,444 | \$ - | \$ - | \$ - |
| Intergovernmental | 19,982,090 | 3,636,970 | - | - |
| Charges for services | - | 2,175 | - | - |
| Fines and forfeits | - | - | - | 159,650 |
| Interest and rents | 19,586 | 15,019 | 431 | 542 |
| Other revenues | 75,886 | - | - | - |
| TOTAL REVENUES | 20,097,006 | 3,654,164 | 431 | 160,192 |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | - | - | - | - |
| Public safety | - | - | 93,882 | 8,181 |
| Highways and streets | 5,911,960 | 5,538,525 | - | - |
| Community development | - | - | - | - |
| Debt service | | | | |
| Principal | 701,830 | 685,459 | - | - |
| Interest | 95,527 | 200,197 | - | - |
| Capital outlay | 8,473,067 | 2,468,203 | - | - |
| TOTAL EXPENDITURES | 15,182,384 | 8,892,384 | 93,882 | 8,181 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 4,914,622 | (5,238,220) | (93,451) | 152,011 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 6,350,000 | - | - |
| Transfers out | (4,000,000) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (4,000,000) | 6,350,000 | - | - |
| NET CHANGE IN FUND BALANCES | 914,622 | 1,111,780 | (93,451) | 152,011 |
| Fund balances, beginning of year | 13,024,279 | 3,632,894 | 290,311 | 143,446 |
| Fund balances, end of year | <u>\$ 13,938,901</u> | <u>\$ 4,744,674</u> | <u>\$ 196,860</u> | <u>\$ 295,457</u> |

| Community Development Block Grant Program | Downtown Lansing, Inc. | Building Department | Parks Department | Tri-County Metro | Total |
|--|---------------------------|------------------------|---------------------|---------------------|----------------------|
| \$ - | \$ 405,442 | \$ - | \$ - | \$ - | \$ 424,886 |
| 1,268,648 | 302,250 | - | - | 601,994 | 25,791,952 |
| - | - | 3,551,478 | - | - | 3,553,653 |
| - | - | - | - | 81,383 | 241,033 |
| - | 725 | - | 1,049 | 787 | 38,139 |
| 121,680 | 237,892 | - | - | - | 435,458 |
| <u>1,390,328</u> | <u>946,309</u> | <u>3,551,478</u> | <u>1,049</u> | <u>684,164</u> | <u>30,485,121</u> |
| - | 804,816 | 2,725,918 | - | - | 3,530,734 |
| - | - | - | - | 644,879 | 746,942 |
| - | - | - | - | - | 11,450,485 |
| 1,390,328 | - | - | - | - | 1,390,328 |
| - | - | - | - | - | 1,387,289 |
| - | - | - | - | - | 295,724 |
| - | - | - | - | - | 10,941,270 |
| <u>1,390,328</u> | <u>804,816</u> | <u>2,725,918</u> | <u>-</u> | <u>644,879</u> | <u>29,742,772</u> |
| - | 141,493 | 825,560 | 1,049 | 39,285 | 742,349 |
| - | 85,000 | - | - | - | 6,435,000 |
| - | - | - | - | - | (4,000,000) |
| - | 85,000 | - | - | - | 2,435,000 |
| - | 226,493 | 825,560 | 1,049 | 39,285 | 3,177,349 |
| <u>1</u> | <u>175,376</u> | <u>3,541,014</u> | <u>490,540</u> | <u>197,901</u> | <u>21,495,762</u> |
| <u>\$ 1</u> | <u>\$ 401,869</u> | <u>\$ 4,366,574</u> | <u>\$ 491,589</u> | <u>\$ 237,186</u> | <u>\$ 24,673,111</u> |

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

| | <u>Major Streets Fund</u> | | | Variances with |
|---|---------------------------|--------------|---------------|----------------|
| | Original | Final | | Final Budget |
| | Budget | Amended | Actual | Positive |
| | | Budget | | (Negative) |
| REVENUES | | | | |
| Property taxes and special assessments | \$ 150,000 | \$ 150,000 | \$ 19,444 | \$ (130,556) |
| Intergovernmental | 11,827,258 | 11,827,258 | 19,982,090 | 8,154,832 |
| Interest and rents | - | - | 19,586 | 19,586 |
| Other revenues | 72,000 | 72,000 | 75,886 | 3,886 |
| | | | | |
| TOTAL REVENUES | 12,049,258 | 12,049,258 | 20,097,006 | 8,047,748 |
| EXPENDITURES | | | | |
| Current | | | | |
| Highways and streets | 7,237,818 | 7,237,818 | 5,911,960 | 1,325,858 |
| Debt service | | | | |
| Principal | 702,289 | 702,289 | 701,830 | 459 |
| Interest | 95,568 | 95,568 | 95,527 | 41 |
| Capital outlay | 4,980,000 | 4,980,000 | 8,473,067 | (3,493,067) |
| | | | | |
| TOTAL EXPENDITURES | 13,015,675 | 13,015,675 | 15,182,384 | (2,166,709) |
| | | | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (966,417) | (966,417) | 4,914,622 | 5,881,039 |
| OTHER FINANCING USES | | | | |
| Transfers out | (4,000,000) | (4,000,000) | (4,000,000) | - |
| | | | | |
| NET CHANGE IN FUND BALANCE | (4,966,417) | (4,966,417) | 914,622 | 5,881,039 |
| | | | | |
| Fund balance, beginning of year | 13,024,279 | 13,024,279 | 13,024,279 | - |
| | | | | |
| Fund balance, end of year | \$ 8,057,862 | \$ 8,057,862 | \$ 13,938,901 | \$ 5,881,039 |

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

| | <u>Local Streets Fund</u> | | | Variances with |
|--|---------------------------|----------------------------|---------------------|--|
| | Original Budget | Final Amended Budget | Actual | Final Budget Positive (Negative) |
| REVENUES | | | | |
| Property taxes and special assessments | \$ 150,000 | \$ 150,000 | \$ - | \$ (150,000) |
| Intergovernmental | 3,575,753 | 3,575,753 | 3,636,970 | 61,217 |
| Miscellaneous revenue | - | - | 2,175 | 2,175 |
| Interest and rents | - | - | 15,019 | 15,019 |
| TOTAL REVENUES | <u>3,725,753</u> | <u>3,725,753</u> | <u>3,654,164</u> | <u>(71,589)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Highways and streets | 6,668,479 | 6,668,479 | 5,538,525 | 1,129,954 |
| Debt service | | | | |
| Principal | 685,459 | 685,459 | 685,459 | - |
| Interest | 200,197 | 200,197 | 200,197 | - |
| Capital outlay | <u>3,856,000</u> | <u>3,856,000</u> | <u>2,468,203</u> | <u>1,387,797</u> |
| TOTAL EXPENDITURES | <u>11,410,135</u> | <u>11,410,135</u> | <u>8,892,384</u> | <u>2,517,751</u> |
| EXCESS OF REVENUES UNDER EXPENDITURES | <u>(7,684,382)</u> | <u>(7,684,382)</u> | <u>(5,238,220)</u> | <u>2,446,162</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>6,350,000</u> | <u>6,350,000</u> | <u>6,350,000</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>(1,334,382)</u> | <u>(1,334,382)</u> | <u>1,111,780</u> | <u>2,446,162</u> |
| Fund balance, beginning of year | <u>3,632,894</u> | <u>3,632,894</u> | <u>3,632,894</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 2,298,512</u> | <u>\$ 2,298,512</u> | <u>\$ 4,744,674</u> | <u>\$ 2,446,162</u> |

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

| | <u>Drug Law Enforcement Federal Fund</u> | | | Variances with Final Budget Positive (Negative) |
|---------------------------------|--|-------------------------------------|--------------------------|--|
| | <u>Original Budget</u> | <u>Final Amended Budget</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Interest and rents | <u>\$ 4,000</u> | <u>\$ 4,000</u> | <u>\$ 431</u> | <u>\$ (3,569)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | <u>204,000</u> | <u>204,000</u> | <u>93,882</u> | <u>110,118</u> |
| NET CHANGE IN FUND BALANCE | <u>(200,000)</u> | <u>(200,000)</u> | <u>(93,451)</u> | <u>106,549</u> |
| Fund balance, beginning of year | <u>290,311</u> | <u>290,311</u> | <u>290,311</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 90,311</u></u> | <u><u>\$ 90,311</u></u> | <u><u>\$ 196,860</u></u> | <u><u>\$ 106,549</u></u> |

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

Drug Law Enforcement State and Local Fund

| | Original Budget | Final Amended Budget | Actual | Variances with Final Budget Positive (Negative) |
|---------------------------------|--------------------|----------------------------|-------------------|--|
| REVENUES | | | | |
| Fines and forfeitures | \$ - | \$ 100,000 | \$ 159,650 | \$ 59,650 |
| Interest and rents | 7,500 | 7,500 | 542 | (6,958) |
| TOTAL REVENUES | 7,500 | 107,500 | 160,192 | 52,692 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | - | 10,000 | 8,181 | 1,819 |
| NET CHANGE IN FUND BALANCE | 7,500 | 97,500 | 152,011 | 54,511 |
| Fund balance, beginning of year | 143,446 | 143,446 | 143,446 | - |
| Fund balance, end of year | <u>\$ 150,946</u> | <u>\$ 240,946</u> | <u>\$ 295,457</u> | <u>\$ 54,511</u> |

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

| | <u>CDBG Program Fund</u> | | | Variances with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------------------|------------------|--|
| | <u>Original Budget</u> | <u>Final Amended Budget</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Intergovernmental | \$ 2,124,580 | \$ 2,124,580 | \$ 1,268,648 | \$ (855,932) |
| Other revenues | 115,000 | 115,000 | 121,680 | 6,680 |
| TOTAL REVENUES | <u>2,239,580</u> | <u>2,239,580</u> | <u>1,390,328</u> | <u>(849,252)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Community development | <u>2,489,580</u> | <u>2,489,580</u> | <u>1,390,328</u> | <u>1,099,252</u> |
| TOTAL EXPENDITURES | <u>2,489,580</u> | <u>2,489,580</u> | <u>1,390,328</u> | <u>1,099,252</u> |
| EXCESS OF REVENUES UNDER EXPENDITURES | (250,000) | (250,000) | - | 250,000 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>250,000</u> | <u>250,000</u> | <u>-</u> | <u>(250,000)</u> |
| NET CHANGE IN FUND BALANCE | - | - | - | - |
| Fund balance, beginning of year | <u>1</u> | <u>1</u> | <u>1</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ -</u> |

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

| | <u>Downtown Lansing, Inc. Fund</u> | | | |
|---|------------------------------------|----------------------------|-------------------|--|
| | Original Budget | Final Amended Budget | Actual | Variances with Final Budget Positive (Negative) |
| REVENUES | | | | |
| Property taxes and special assessments | \$ 424,000 | \$ 424,000 | \$ 405,442 | \$ (18,558) |
| Intergovernmental | 20,000 | 320,000 | 302,250 | (17,750) |
| Interest and rents | - | - | 725 | 725 |
| Other revenues | 42,300 | 222,000 | 237,892 | 15,892 |
| TOTAL REVENUES | 486,300 | 966,000 | 946,309 | (19,691) |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 571,300 | 831,003 | 804,816 | 26,187 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (85,000) | 134,997 | 141,493 | 6,496 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 85,000 | 85,000 | 85,000 | - |
| NET CHANGE IN FUND BALANCE | - | 219,997 | 226,493 | 6,496 |
| Fund balance, beginning of year | 175,376 | 175,376 | 175,376 | - |
| Fund balance, end of year | <u>\$ 175,376</u> | <u>\$ 395,373</u> | <u>\$ 401,869</u> | <u>\$ 6,496</u> |

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

| | <u>Building Department Fund</u> | | | Variances with Final Budget Positive (Negative) |
|---------------------------------|---------------------------------|-------------------------------------|----------------------------|--|
| | <u>Original Budget</u> | <u>Final Amended Budget</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Charges for services | <u>\$ 2,932,000</u> | <u>\$ 2,932,000</u> | <u>\$ 3,551,478</u> | <u>\$ 619,478</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | <u>2,882,000</u> | <u>2,882,000</u> | <u>2,725,918</u> | <u>156,082</u> |
| NET CHANGE IN FUND BALANCE | 50,000 | 50,000 | 825,560 | 775,560 |
| Fund balance, beginning of year | <u>3,541,014</u> | <u>3,541,014</u> | <u>3,541,014</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 3,591,014</u></u> | <u><u>\$ 3,591,014</u></u> | <u><u>\$ 4,366,574</u></u> | <u><u>\$ 775,560</u></u> |

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

| | <u>Parks Department Fund</u> | | | Variances with Final Budget Positive (Negative) |
|---------------------------------|------------------------------|-------------------------------------|--------------------------|--|
| | <u>Original Budget</u> | <u>Final Amended Budget</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Interest and rents | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,049</u> | <u>\$ 1,049</u> |
| NET CHANGE IN FUND BALANCE | - | - | 1,049 | 1,049 |
| Fund balance, beginning of year | <u>490,540</u> | <u>490,540</u> | <u>490,540</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 490,540</u></u> | <u><u>\$ 490,540</u></u> | <u><u>\$ 491,589</u></u> | <u><u>\$ 1,049</u></u> |

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

| | <u>Tri County Metro Fund</u> | | | Variances with |
|---------------------------------|------------------------------|------------|------------|----------------|
| | Original | Final | | Final Budget |
| | Budget | Amended | Actual | Positive |
| | | Budget | | (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ 425,000 | \$ 601,994 | \$ 176,994 |
| Fines and forfeitures | - | 120,000 | 81,383 | (38,617) |
| Interest and rents | 8,000 | 8,000 | 787 | (7,213) |
| | | | | |
| TOTAL REVENUES | 8,000 | 553,000 | 684,164 | 131,164 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | - | 552,000 | 644,879 | (92,879) |
| | | | | |
| NET CHANGE IN FUND BALANCE | 8,000 | 1,000 | 39,285 | 38,285 |
| | | | | |
| Fund balance, beginning of year | 197,901 | 197,901 | 197,901 | - |
| | | | | |
| Fund balance, end of year | \$ 205,901 | \$ 198,901 | \$ 237,186 | \$ 38,285 |

**CITY OF LANSING
NONMAJOR DEBT SERVICE FUND**

1999 Fire Station Fund

This fund accounts for the accumulation of resources for payment of the 1999 \$3,000,000 Unlimited Tax General Obligation Bonds (which was refunding in 2007 in the amount of \$1,780,000).

**CITY OF LANSING
NONMAJOR DEBT SERVICE FUND
BALANCE SHEET
JUNE 30, 2022**

| | |
|---------------------------------------|-----------------------|
| | 1999 Fire Station |
| ASSETS | |
| Equity in pooled cash and investments | <u>\$ 29,361</u> |
| FUND BALANCES | |
| Restricted | <u>\$ 29,361</u> |

**CITY OF LANSING
NONMAJOR DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022**

| | <u>1999 Fire Station</u> |
|---|------------------------------|
| EXPENDITURES | |
| Current | |
| Interest and fiscal charges | <u>\$ -</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | - |
| OTHER FINANCING SOURCES (USES) | |
| Transfers in | - |
| Transfers out | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> |
| NET CHANGE IN FUND BALANCES | - |
| Fund balances, beginning of year | <u>29,361</u> |
| Fund balances, end of year | <u><u>\$ 29,361</u></u> |

**CITY OF LANSING
NONMAJOR CAPITAL PROJECTS FUNDS**

Special Assessments Fund

This fund is used to account for the financing of public improvements deemed to benefit the properties against which special assessments are levied.

Montgomery Drain Fund

This fund is used to account for the financing of public improvements deemed to benefit the properties against which special assessments are levied, specifically for the Montgomery Drain.

Other Capital Projects Fund

This fund accounts for accounts for miscellaneous capital projects.

**CITY OF LANSING
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

| | Special Assessments | Montgomery Drain | Other Capital Projects | Total |
|--|------------------------|----------------------|---------------------------|----------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 8,509,288 | \$ 8,509,288 |
| Equity in pooled cash and investments | 25,273 | 1,639,837 | 8,648,262 | 10,313,372 |
| Receivables | | | | |
| Accounts and loan receivable | - | - | 5,308,705 | 5,308,705 |
| Special assessments | | | | |
| Current | 21,179 | 399,399 | - | 420,578 |
| Noncurrent | 72,731 | 10,221,430 | - | 10,294,161 |
| TOTAL ASSETS | \$ 119,183 | \$ 12,260,666 | \$ 22,466,255 | \$ 34,846,104 |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ 1,630,880 | \$ 1,630,880 |
| Unearned revenue | - | - | 80,000 | 80,000 |
| TOTAL LIABILITIES | - | - | 1,710,880 | 1,710,880 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - loans and accrued interest receivable | - | - | 5,125,000 | 5,125,000 |
| Unavailable revenue - special assessments | 72,731 | 10,221,430 | - | 10,294,161 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 72,731 | 10,221,430 | 5,125,000 | 15,419,161 |
| FUND BALANCES | | | | |
| Restricted | 46,452 | 2,039,236 | 10,929,450 | 13,015,138 |
| Committed | - | - | 4,700,925 | 4,700,925 |
| TOTAL FUND BALANCES | 46,452 | 2,039,236 | 15,630,375 | 17,716,063 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 119,183 | \$ 12,260,666 | \$ 22,466,255 | \$ 34,846,104 |

CITY OF LANSING
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

| | Special Assessments | Montgomery Drain | Other Capital Projects | Total |
|---|------------------------|---------------------|---------------------------|-------------------|
| REVENUES | | | | |
| Property taxes and special assessments | \$ 46,452 | \$ 1,312,355 | \$ - | \$ 1,358,807 |
| Charges for services | - | - | 455,768 | 455,768 |
| TOTAL REVENUES | 46,452 | 1,312,355 | 455,768 | 1,814,575 |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | - | 417,880 | 695,000 | 1,112,880 |
| Interest and fiscal charges | - | 348,601 | 754,680 | 1,103,281 |
| Capital outlay | - | - | 7,455,647 | 7,455,647 |
| TOTAL EXPENDITURES | - | 766,481 | 8,905,327 | 9,671,808 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 46,452 | 545,874 | (8,449,559) | (7,857,233) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from debt issuances | - | - | 27,559,000 | 27,559,000 |
| Proceeds from sale of capital assets | - | - | 400,000 | 400,000 |
| Payment to refunding bond escrow agent | - | - | (8,621,566) | (8,621,566) |
| Transfers in | - | - | 3,412,000 | 3,412,000 |
| Transfers out | - | - | (725,000) | (725,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | 22,024,434 | 22,024,434 |
| NET CHANGE IN FUND BALANCES | 46,452 | 545,874 | 13,574,875 | 14,167,201 |
| Fund balances, beginning of year | - | 1,493,362 | 2,055,500 | 3,548,862 |
| Fund balances, end of year | \$ 46,452 | \$ 2,039,236 | \$ 15,630,375 | \$ 17,716,063 |

**CITY OF LANSING
NONMAJOR PERMANENT FUNDS**

Cemetery Perpetual Care Fund

This fund accounts for transfers from the Cemetery Fund, representing 15% of lot sales. These funds are invested, and all investment earnings are transferred to the Cemetery Fund for lot maintenance.

Parks Trust Fund

This fund accounts for contributions made for City parks, the principal of which must be preserved in accordance with the trust indentures. Income derived from these contributions is transferred to the Parks Department special revenue fund.

**CITY OF LANSING
NONMAJOR PERMANENT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022**

| | Cemetery <u>Perpetual Care</u> | <u>Parks Trust</u> | <u>Total</u> |
|---------------------------------------|-----------------------------------|--------------------|---------------------|
| ASSETS | | | |
| Equity in pooled cash and investments | <u>\$ 1,803,719</u> | <u>\$ 1,308</u> | <u>\$ 1,805,027</u> |
| FUND BALANCES | | | |
| Nonspendable | <u>\$ 1,803,719</u> | <u>\$ 1,308</u> | <u>\$ 1,805,027</u> |

**CITY OF LANSING
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

| | Cemetery Perpetual Care | Parks Trust | Total |
|----------------------------------|----------------------------|------------------------|----------------------------|
| REVENUES | | | |
| Interest income (loss) and rents | \$ (213,938) | \$ 2 | \$ (213,936) |
| OTHER FINANCING SOURCES | | | |
| Transfers in | <u>28,000</u> | <u>-</u> | <u>28,000</u> |
| NET CHANGE IN FUND BALANCES | (185,938) | 2 | (185,936) |
| Fund balances, beginning of year | <u>1,989,657</u> | <u>1,306</u> | <u>1,990,963</u> |
| Fund balances, end of year | <u><u>\$ 1,803,719</u></u> | <u><u>\$ 1,308</u></u> | <u><u>\$ 1,805,027</u></u> |

**CITY OF LANSING
NONMAJOR ENTERPRISE FUNDS**

Cemetery Fund

This fund accounts for the operation of City-owned cemeteries.

Golf Fund

This fund accounts for the operation of the City-owned golf courses.

Garbage and Rubbish Collection Fund

This fund accounts for the provision of household solid waste disposal services to participating residents of the City.

Recycling Fund

This fund accounts for the provision of recycling services to participating residents of the City.

CITY OF LANSING
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

| | Cemetery | Golf | Garbage and Rubbish Collection | Recycling | Total |
|---|-----------------------|---------------------|--------------------------------------|-----------------------|-----------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 200 | \$ - | \$ - | \$ - | \$ 200 |
| Equity in pooled cash and investments | 932,085 | 119,095 | 2,119,768 | 2,299,861 | 5,470,809 |
| Accounts receivable, net | - | - | - | 47,474 | 47,474 |
| Inventories | 52,521 | - | - | - | 52,521 |
| Total current assets | 984,806 | 119,095 | 2,119,768 | 2,347,335 | 5,571,004 |
| Noncurrent assets | | | | | |
| Capital assets not being depreciated | 57,740 | 345,647 | - | - | 403,387 |
| Capital assets being depreciated, net | 57,742 | 1,591,708 | - | 16,099 | 1,665,549 |
| Total noncurrent assets | 115,482 | 1,937,355 | - | 16,099 | 2,068,936 |
| TOTAL ASSETS | 1,100,288 | 2,056,450 | 2,119,768 | 2,363,434 | 7,639,940 |
| DEFERRED OUTFLOW OF RESOURCES | | | | | |
| Deferred outflows of resources related to pension | 125,492 | - | 218,184 | 420,682 | 764,358 |
| Deferred outflows of resources related to OPEB | 88,732 | - | 154,273 | 297,454 | 540,459 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 214,224 | - | 372,457 | 718,136 | 1,304,817 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 22,732 | - | 69,207 | 165,396 | 257,335 |
| Accrued payroll | 2,338 | - | 3,605 | 3,605 | 9,548 |
| Current portion of compensated absences | 818 | - | 1,269 | 2,850 | 4,937 |
| Total current liabilities | 25,888 | - | 74,081 | 171,851 | 271,820 |
| Noncurrent liabilities | | | | | |
| Compensated absences, net of current portion | 45,602 | - | 63,489 | 142,650 | 251,741 |
| Net pension liability | 1,394,725 | - | 2,424,919 | 4,675,497 | 8,495,141 |
| Net other postemployment benefit liability | 768,494 | - | 1,336,131 | 2,576,201 | 4,680,826 |
| Total noncurrent liabilities | 2,208,821 | - | 3,824,539 | 7,394,348 | 13,427,708 |
| TOTAL LIABILITIES | 2,234,709 | - | 3,898,620 | 7,566,199 | 13,699,528 |
| DEFERRED INFLOW OF RESOURCES | | | | | |
| Deferred inflows of resources related to pension | 33,591 | - | 58,403 | 112,607 | 204,601 |
| Deferred inflows of resources related to OPEB | 311,579 | - | 541,723 | 1,044,498 | 1,897,800 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 345,170 | - | 600,126 | 1,157,105 | 2,102,401 |
| NET POSITION (DEFICIT) | | | | | |
| Net investment in capital assets | 115,482 | 1,937,355 | - | 16,099 | 2,068,936 |
| Unrestricted | (1,380,849) | 119,095 | (2,006,521) | (5,657,833) | (8,926,108) |
| TOTAL NET POSITION (DEFICIT) | \$ (1,265,367) | \$ 2,056,450 | \$ (2,006,521) | \$ (5,641,734) | \$ (6,857,172) |

CITY OF LANSING
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

| | Cemetery | Golf | Garbage and Rubbish Collection | Recycling | Total |
|---|----------------|--------------|--------------------------------------|----------------|----------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 526,299 | \$ - | \$ 3,246,590 | \$ 4,455,510 | \$ 8,228,399 |
| OPERATING EXPENSES | | | | | |
| Personnel services | (222,766) | - | 253,444 | 306,534 | 337,212 |
| Purchase of goods and services | 311,333 | 92,197 | 1,255,696 | 1,343,455 | 3,002,681 |
| Depreciation | 9,827 | 72,681 | - | 5,366 | 87,874 |
| TOTAL OPERATING EXPENSES | 98,394 | 164,878 | 1,509,140 | 1,655,355 | 3,427,767 |
| OPERATING INCOME (LOSS) | 427,905 | (164,878) | 1,737,450 | 2,800,155 | 4,800,632 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest revenue | - | - | - | 5,996 | 5,996 |
| Interest expense and fees | - | - | - | (1,164) | (1,164) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | - | - | - | 4,832 | 4,832 |
| NET INCOME (LOSS) BEFORE TRANSFERS | 427,905 | (164,878) | 1,737,450 | 2,804,987 | 4,805,464 |
| TRANSFERS | | | | | |
| Transfers in | 540,000 | 85,000 | - | - | 625,000 |
| Transfers out | (28,000) | - | - | - | (28,000) |
| TOTAL TRANSFERS | 512,000 | 85,000 | - | - | 597,000 |
| CHANGE IN NET POSITION | 939,905 | (79,878) | 1,737,450 | 2,804,987 | 5,402,464 |
| Net position (deficit), beginning of year | (2,205,272) | 2,136,328 | (3,743,971) | (8,446,721) | (12,259,636) |
| Net position (deficit), end of year | \$ (1,265,367) | \$ 2,056,450 | \$ (2,006,521) | \$ (5,641,734) | \$ (6,857,172) |

CITY OF LANSING
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

| | Cemetery | Golf | Garbage and Rubbish Collection | Recycling | Total |
|--|---------------------|--------------------|--------------------------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 526,299 | \$ - | \$ 2,921,780 | \$ 4,472,241 | \$ 7,920,320 |
| Cash payments for good and services | (332,589) | (92,252) | (1,237,378) | (1,136,939) | (2,799,158) |
| Cash payments to employees | (484,145) | - | (1,067,534) | (2,195,594) | (3,747,273) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (290,435) | (92,252) | 616,868 | 1,139,708 | 1,373,889 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers in | 540,000 | 85,000 | - | - | 625,000 |
| Transfers out | (28,000) | - | - | - | (28,000) |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 512,000 | 85,000 | - | - | 597,000 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Principal paid on long-term obligations | - | - | - | (118,343) | (118,343) |
| Interest paid on long-term obligations | - | - | - | (1,744) | (1,744) |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | - | - | - | (120,087) | (120,087) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest and dividends received | - | - | - | 5,996 | 5,996 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 221,565 | (7,252) | 616,868 | 1,025,617 | 1,856,798 |
| Cash and cash equivalents, beginning of year | 710,720 | 126,347 | 1,502,900 | 1,274,244 | 3,614,211 |
| Cash and cash equivalents, end of year | <u>\$ 932,285</u> | <u>\$ 119,095</u> | <u>\$ 2,119,768</u> | <u>\$ 2,299,861</u> | <u>\$ 5,471,009</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities | | | | | |
| Operating income (loss) | \$ 427,905 | \$ (164,878) | \$ 1,737,450 | \$ 2,800,155 | \$ 4,800,632 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | | |
| Depreciation | 9,827 | 72,681 | - | 5,366 | 87,874 |
| Changes in: | | | | | |
| Accounts receivable | - | - | 103 | 16,731 | 16,834 |
| Inventory | (7,442) | - | - | - | (7,442) |
| Prepays | - | - | - | 136,484 | 136,484 |
| Deferred outflows - pension | (46,560) | - | (91,893) | (168,852) | (307,305) |
| Deferred outflows - OPEB | 51,220 | - | 69,652 | 149,063 | 269,935 |
| Accounts payable | (13,814) | (55) | 18,318 | 70,032 | 74,481 |
| Accrued payroll | 363 | - | 3,605 | 3,605 | 7,573 |
| Unearned revenue | - | - | (324,913) | - | (324,913) |
| Compensated absences | 4,761 | - | 3,507 | 7,880 | 16,148 |
| Net pension liability | (56,380) | - | 103,150 | 45,779 | 92,549 |
| Deferred inflows - pension | (106,154) | - | (165,189) | (333,246) | (604,589) |
| Net other postemployment benefit liability | (7,146) | - | 95,105 | 101,536 | 189,495 |
| Deferred inflows - OPEB | (547,015) | - | (832,027) | (1,694,825) | (3,073,867) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | \$ (290,435) | \$ (92,252) | \$ 616,868 | \$ 1,139,708 | \$ 1,373,889 |

**CITY OF LANSING
INTERNAL SERVICE FUNDS**

Fleet Maintenance Fund

This fund accounts for the costs of maintaining the City's fleet of vehicles and heavy equipment.

Fringe Benefits Fund

This fund accounts for the costs of the City's fringe benefits.

Engineering Fund

This fund accounts for the operations of the City's engineering department.

Information Technology Fund

This fund accounts for the operations of the City's information technology department.

**CITY OF LANSING
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022**

| | Fleet Maintenance | Fringe Benefits | Engineering | Information Technology | Total |
|---|----------------------|---------------------|---------------------|---------------------------|----------------------|
| ASSETS | | | | | |
| Current assets | | | | | |
| Equity in pooled cash and investments | \$ 5,577,661 | \$ 8,124,929 | \$ 2,125,318 | \$ 2,771,873 | \$ 18,599,781 |
| Accounts receivable, net | 8,084 | 860,814 | - | 80 | 868,978 |
| Inventories | 530,785 | - | - | - | 530,785 |
| Prepays | - | 1,507,562 | - | - | 1,507,562 |
| Total current assets | 6,116,530 | 10,493,305 | 2,125,318 | 2,771,953 | 21,507,106 |
| Noncurrent assets | | | | | |
| Capital assets not being depreciated | 92,892 | - | - | - | 92,892 |
| Capital assets being depreciated, net | 7,889,751 | - | 1,340,568 | - | 9,230,319 |
| Total noncurrent assets | 7,982,643 | - | 1,340,568 | - | 9,323,211 |
| TOTAL ASSETS | 14,099,173 | 10,493,305 | 3,465,886 | 2,771,953 | 30,830,317 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 204,234 | 1,120,310 | 6,644 | 141,666 | 1,472,854 |
| Accrued payroll | 91,695 | 137,417 | 89,105 | 61,804 | 380,021 |
| Accrued interest payable | 4,081 | - | - | - | 4,081 |
| Claims incurred but not reported | - | 1,500,000 | - | - | 1,500,000 |
| Current portion of: | | | | | |
| Bonds and notes payable | 129,642 | - | - | - | 129,642 |
| Compensated absences | 1,981 | - | 1,763 | 20,214 | 23,958 |
| Total current liabilities | 431,633 | 2,757,727 | 97,512 | 223,684 | 3,510,556 |
| Noncurrent liabilities | | | | | |
| Bonds and notes payable, net of current portion | 1,036,287 | - | - | - | 1,036,287 |
| Compensated absences, net of current portion | 211,630 | 62,837 | 417,678 | 237,081 | 929,226 |
| Total noncurrent liabilities | 1,247,917 | 62,837 | 417,678 | 237,081 | 1,965,513 |
| TOTAL LIABILITIES | 1,679,550 | 2,820,564 | 515,190 | 460,765 | 5,476,069 |
| NET POSITION | | | | | |
| Net investment in capital assets | 6,816,714 | - | 1,340,568 | - | 8,157,282 |
| Unrestricted | 5,602,909 | 7,672,741 | 1,610,128 | 2,311,188 | 17,196,966 |
| TOTAL NET POSITION | \$ 12,419,623 | \$ 7,672,741 | \$ 2,950,696 | \$ 2,311,188 | \$ 25,354,248 |

**CITY OF LANSING
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2022**

| | Fleet Maintenance | Fringe Benefits | Engineering | Information Technology | Total |
|---|----------------------|-----------------|--------------|---------------------------|---------------|
| OPERATING REVENUES | | | | | |
| Charges for services | \$ 9,716,059 | \$ 73,321,381 | \$ 5,267,198 | \$ 7,602,508 | \$ 95,907,146 |
| Miscellaneous | - | 56,961 | 1,990 | - | 58,951 |
| TOTAL OPERATING REVENUES | 9,716,059 | 73,378,342 | 5,269,188 | 7,602,508 | 95,966,097 |
| OPERATING EXPENSES | | | | | |
| Personnel services | 3,426,588 | 332,326 | 3,099,424 | 2,165,421 | 9,023,759 |
| Purchase of goods and services | 3,935,244 | 68,613,292 | 1,714,808 | 4,582,983 | 78,846,327 |
| Depreciation | 2,064,883 | - | 44,886 | - | 2,109,769 |
| TOTAL OPERATING EXPENSES | 9,426,715 | 68,945,618 | 4,859,118 | 6,748,404 | 89,979,855 |
| OPERATING INCOME | 289,344 | 4,432,724 | 410,070 | 854,104 | 5,986,242 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Gain on sale of capital assets | 134,526 | - | - | - | 134,526 |
| Interest expense and fees | (18,257) | - | - | - | (18,257) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 116,269 | - | - | - | 116,269 |
| CHANGE IN NET POSITION | 405,613 | 4,432,724 | 410,070 | 854,104 | 6,102,511 |
| Net position, beginning of year | 12,014,010 | 3,240,017 | 2,540,626 | 1,457,084 | 19,251,737 |
| Net position, end of year | \$ 12,419,623 | \$ 7,672,741 | \$ 2,950,696 | \$ 2,311,188 | \$ 25,354,248 |

**CITY OF LANSING
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

| | Fleet Maintenance | Fringe Benefits | Engineering | Information Technology | Total |
|--|----------------------|---------------------|---------------------|---------------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from interfund services | \$ 9,761,160 | \$ 73,804,278 | \$ 5,269,188 | \$ 7,602,508 | \$ 96,437,134 |
| Cash payments for goods and services | (3,989,360) | (68,000,622) | (1,708,321) | (4,551,742) | (78,250,045) |
| Cash payments to employees | (3,413,244) | (1,275,006) | (3,028,117) | (2,148,921) | (9,865,288) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>2,358,556</u> | <u>4,528,650</u> | <u>532,750</u> | <u>901,845</u> | <u>8,321,801</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from sale of capital assets | 134,526 | - | - | - | 134,526 |
| Purchase of capital assets | (1,238,343) | - | - | - | (1,238,343) |
| Principal paid on long-term obligations | (233,466) | - | - | - | (233,466) |
| Interest paid on long-term obligations | (19,222) | - | - | - | (19,222) |
| NET CASH (USED) CAPITAL AND BY RELATED FINANCING ACTIVITIES | <u>(1,356,505)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,356,505)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | <u>1,002,051</u> | <u>4,528,650</u> | <u>532,750</u> | <u>901,845</u> | <u>6,965,296</u> |
| Cash and cash equivalents, beginning of year | <u>4,575,610</u> | <u>3,596,279</u> | <u>1,592,568</u> | <u>1,870,028</u> | <u>11,634,485</u> |
| Cash and cash equivalents, end of year | <u>\$ 5,577,661</u> | <u>\$ 8,124,929</u> | <u>\$ 2,125,318</u> | <u>\$ 2,771,873</u> | <u>\$ 18,599,781</u> |
| Reconciliation of operating income to net cash provided by operating activities | | | | | |
| Operating income | \$ 289,344 | \$ 4,432,724 | \$ 410,070 | \$ 854,104 | \$ 5,986,242 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | | |
| Depreciation | 2,064,883 | - | 44,886 | - | 2,109,769 |
| Change in: | | | | | |
| Accounts receivable | 45,101 | (510,057) | - | (80) | (465,036) |
| Prepays | - | 461,705 | - | - | 461,705 |
| Inventories | (71,853) | - | - | - | (71,853) |
| Accounts payable | 17,737 | 150,965 | 6,487 | 31,321 | 206,510 |
| Accrued payroll | 14,108 | 124,918 | 26,948 | 8,844 | 174,818 |
| Claims incurred but not reported | - | (135,000) | - | - | (135,000) |
| Compensated absences | (764) | 3,395 | 44,359 | 7,656 | 54,646 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 2,358,556</u> | <u>\$ 4,528,650</u> | <u>\$ 532,750</u> | <u>\$ 901,845</u> | <u>\$ 8,321,801</u> |

CITY OF LANSING FIDUCIARY FUNDS

Fiduciary Funds are funds set up to account for assets held by the City in a fiduciary capacity, for individuals, organizations, other units of government or other funds. The City's fiduciary funds include pension and other postemployment benefits trust funds and custodial funds.

PENSION AND OTHER POSTEMPLOYMENT BENEFITS TRUST FUNDS

Employees' Retirement System Pension

This fund accounts for all eligible employees (non-police and fire) activity including investing fund resources and calculating and paying pension benefits to applicable retirees (or beneficiaries).

Employees' Retirement System OPEB

This fund accounts for all eligible employees (non-police and fire) activities related to postemployment healthcare coverage for applicable individuals.

Police and Fire Retirement System Pension

This fund accounts for all eligible employees' activity including investing fund resources and calculating and paying pension benefits to applicable retirees (or beneficiaries).

Police and Fire Retirement System OPEB

This fund accounts for all eligible employees' activities related to postemployment healthcare coverage for applicable individuals.

Employees' Money Purchase Pension Plan

This fund accounts for all newly hired eligible employees who participate in the City's defined contribution plan to account for paying pension benefits to eligible retirees (or beneficiaries).

Retiree Healthcare VEBA

This fund accounts for all eligible employee's activity related to the defined benefit of postemployment healthcare to provide medical and healthcare benefits for retirees and their beneficiaries.

CUSTODIAL FUNDS

Custodial funds account for resources received and held by the City, in a custodial capacity, for individuals, organizations and other governments.

54-A District Court Fund

This fund is used to hold cash received by the District Court for bail bonds, for garnishment payments until claimed, and to hold indemnity bonds deposited relating to civil disputes until the Court rules on the case.

Current Tax Collection Fund

This fund is used to account for property taxes collected and distributed to other governments.

**CITY OF LANSING
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

| | Pension and Other Postemployment Benefits Trust Funds | | | | | | |
|-------------------------------------|---|--|--|---|---|-------------------------------|-----------------------|
| | Employees' Retirement System Pension | Employees' Retirement System OPEB | Police and Fire Retirement System | Police and Fire Retirement System OPEB | Employees' Money Purchase Pension Plan | Retiree Healthcare VEBA | Totals |
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 6,090,397 | \$ 1,390,936 | \$ 10,075,420 | \$ 1,459,318 | \$ - | \$ - | \$ 19,016,071 |
| Investments | | | | | | | |
| Mutual funds | 110,091,809 | 25,142,971 | 208,310,511 | 30,171,571 | 4,549,579 | 33,939,595 | 412,206,036 |
| Domestic equities | 31,455,468 | 7,183,858 | 63,646,492 | 9,218,521 | - | - | 111,504,339 |
| International equities | 718,781 | 164,156 | 1,396,842 | 202,318 | - | - | 2,482,097 |
| Emerging market equities | 6,775,984 | 1,547,512 | 12,812,804 | 1,855,799 | - | 975,174 | 23,967,273 |
| Money market funds | 3,449,225 | 787,741 | 3,393,029 | 491,444 | - | 258,146 | 8,379,585 |
| Prepays | 852 | 195 | 592 | 86 | - | - | 1,725 |
| Dividends and interest receivable | 26,685 | 6,094 | 50,988 | 7,385 | - | 11,923 | 103,075 |
| Total assets | 158,609,201 | 36,223,463 | 299,686,678 | 43,406,442 | 4,549,579 | 35,184,838 | 577,660,201 |
| Liabilities | | | | | | | |
| Accounts payable | 150,924 | 34,470 | 266,801 | 38,643 | - | - | 490,838 |
| Due to other governmental units | 4,791,924 | 1,167,240 | 10,008,562 | 1,449,634 | 4,653 | 319,000 | 17,741,013 |
| Total liabilities | 4,942,848 | 1,201,710 | 10,275,363 | 1,488,277 | 4,653 | 319,000 | 18,231,851 |
| Net position restricted for: | | | | | | | |
| Pension benefits | 153,666,353 | - | 289,411,315 | - | 4,544,926 | - | 447,622,594 |
| Other postemployment benefits | - | 35,021,753 | - | 41,918,165 | - | 34,865,838 | 111,805,756 |
| Total net position | \$ 153,666,353 | \$ 35,021,753 | \$ 289,411,315 | \$ 41,918,165 | \$ 4,544,926 | \$ 34,865,838 | \$ 559,428,350 |

**CITY OF LANSING
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

| | Changes in Pension and Other Postemployment Benefits Net Position | | | | | | |
|--|---|--|--|---|---|-------------------------------|-----------------------|
| | Employees' Retirement System Pension | Employees' Retirement System OPEB | Police and Fire Retirement System | Police and Fire Retirement System OPEB | Employees' Money Purchase Pension Plan | Retiree Healthcare VEBA | Totals |
| Additions | | | | | | | |
| Investment income | | | | | | | |
| Net appreciation (decrease) in fair value of investments | \$ (14,356,406) | \$ (5,833,105) | \$ (32,083,115) | \$ (7,656,237) | \$ - | \$ (5,491,017) | \$ (65,419,880) |
| Interest income (loss) | 5,527 | - | - | - | (699,336) | - | (693,809) |
| Miscellaneous | - | - | - | 10,942 | - | - | 10,942 |
| Investment expenses | (778,859) | - | - | - | - | - | (778,859) |
| Net investment income | (15,129,738) | (5,833,105) | (32,083,115) | (7,645,295) | (699,336) | (5,491,017) | (66,881,606) |
| Contributions | | | | | | | |
| Employer | 13,494,287 | 10,343,555 | 19,609,552 | 9,974,904 | 361,330 | 300,000 | 54,083,628 |
| Plan members | 1,289,306 | - | 2,722,350 | - | 357,008 | - | 4,368,664 |
| Total contributions | 14,783,593 | 10,343,555 | 22,331,902 | 9,974,904 | 718,338 | 300,000 | 58,452,292 |
| Deductions | | | | | | | |
| Participant benefits | 24,342,091 | 8,350,052 | 36,188,116 | 7,956,471 | - | - | 76,836,730 |
| Administrative expense | 66,474 | 492,274 | 88,992 | 672,516 | 432,095 | 119,429 | 1,871,780 |
| Total deductions | 24,408,565 | 8,842,326 | 36,277,108 | 8,628,987 | 432,095 | 119,429 | 78,708,510 |
| Change in net position | (24,754,710) | (4,331,876) | (46,028,321) | (6,299,378) | (413,093) | (5,310,446) | (87,137,824) |
| Net position restricted for pension and other postemployment benefits | | | | | | | |
| Beginning of year | 178,421,063 | 39,353,629 | 335,439,636 | 48,217,543 | 4,958,019 | 40,176,284 | 646,566,174 |
| End of year | <u>\$ 153,666,353</u> | <u>\$ 35,021,753</u> | <u>\$ 289,411,315</u> | <u>\$ 41,918,165</u> | <u>\$ 4,544,926</u> | <u>\$ 34,865,838</u> | <u>\$ 559,428,350</u> |

**CITY OF LANSING
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

| | <u>54-A District Court</u> | <u>Current Tax Collection</u> | <u>Total</u> |
|---|--------------------------------|-----------------------------------|---------------------------|
| ASSETS | | | |
| Equity in pooled cash and investments | <u>\$ 19,834</u> | <u>\$ -</u> | <u>\$ 19,834</u> |
| LIABILITIES | | | |
| Due to individuals and agencies | <u> 19,834</u> | <u> -</u> | <u> 19,834</u> |
| NET POSITION | | | |
| Restricted for individuals and agencies | <u><u> -</u></u> | <u><u> -</u></u> | <u><u> -</u></u> |

**CITY OF LANSING
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2022**

| | 54-A District Court | Current Tax Collections | Total |
|--|------------------------|----------------------------|--------------------|
| ADDITIONS TO NET POSITION | | | |
| Collections from or on behalf of individuals | \$ 383,590 | \$ - | \$ 383,590 |
| Collections of taxes for other governments | <u>-</u> | <u>126,026,215</u> | <u>126,026,215</u> |
| TOTAL ADDITIONS | <u>383,590</u> | <u>126,026,215</u> | <u>126,409,805</u> |
| DEDUCTIONS FROM NET POSITION | | | |
| Payments to or on behalf of individuals | 383,590 | - | 383,590 |
| Payment of taxes collected for other governments | <u>-</u> | <u>126,026,215</u> | <u>126,026,215</u> |
| TOTAL DEDUCTIONS | <u>383,590</u> | <u>126,026,215</u> | <u>126,409,805</u> |
| NET CHANGE IN NET POSITION | - | - | - |
| Net position, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> |
| Net position, end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Lansing, Michigan's (the "City") annual comprehensive 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 City's overall financial health.

| | | <u>Page</u> |
|--|--|-------------|
| Financial Trends (Tables 1-4) | These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | 172 |
| Revenue Capacity (Tables 5-8) | These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes. | 177 |
| Debt Capacity (Tables 9-13) | These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 181 |
| Demographic and Economic Information (Tables 14-15) | These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments. | 186 |
| Operating Information (Tables 16-18) | These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. | 188 |

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

**CITY OF LANSING
NET POSITION BY COMPONENT
2013-2022
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

Table 1

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-----------------------|-----------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 154,372,604 | \$ 150,976,010 | \$ 151,785,916 | \$ 149,676,860 | \$ 149,533,948 | \$ 148,263,240 | \$ 146,153,309 | \$ 143,583,186 | \$ 153,733,211 | \$ 159,442,216 |
| Restricted | 12,552,011 | 13,133,137 | 12,311,541 | 12,922,525 | 10,993,950 | 15,189,723 | 23,505,738 | 20,495,617 | 24,518,910 | 28,101,348 |
| Unrestricted | <u>(39,467,672)</u> | <u>(46,344,555)</u> | <u>(251,453,207)</u> | <u>(265,678,371)</u> | <u>(276,790,945)</u> | <u>(606,529,375)</u> | <u>(629,587,773)</u> | <u>(674,087,826)</u> | <u>(603,922,567)</u> | <u>(578,995,034)</u> |
| Total governmental activities net position | <u>\$ 127,456,943</u> | <u>\$ 117,764,592</u> | <u>\$ (87,355,750)</u> | <u>\$ (103,078,986)</u> | <u>\$ (116,263,047)</u> | <u>\$ (443,076,412)</u> | <u>\$ (459,928,726)</u> | <u>\$ (510,009,023)</u> | <u>\$ (425,670,446)</u> | <u>\$ (391,451,470)</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 212,682,278 | \$ 214,458,841 | \$ 218,813,478 | \$ 220,436,882 | \$ 224,161,744 | \$ 227,127,434 | \$ 233,988,263 | \$ 234,126,397 | \$ 219,824,056 | \$ 232,446,124 |
| Restricted | 11,077,134 | 8,746,096 | 2,889,096 | 2,764,963 | 1,818,671 | 1,886,620 | 1,953,175 | 2,432,963 | 2,437,390 | 2,441,780 |
| Unrestricted | <u>31,943,581</u> | <u>37,891,053</u> | <u>17,242,167</u> | <u>19,401,320</u> | <u>25,415,447</u> | <u>(13,854,833)</u> | <u>(7,299,147)</u> | <u>(13,397,777)</u> | <u>19,032,067</u> | <u>21,195,582</u> |
| Total business-type activities net position | <u>\$ 255,702,993</u> | <u>\$ 261,095,990</u> | <u>\$ 238,944,741</u> | <u>\$ 242,603,165</u> | <u>\$ 251,395,862</u> | <u>\$ 215,159,221</u> | <u>\$ 228,642,291</u> | <u>\$ 223,161,583</u> | <u>\$ 241,293,513</u> | <u>\$ 256,083,486</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 367,054,882 | \$ 365,434,851 | \$ 370,599,394 | \$ 370,113,742 | \$ 373,695,692 | \$ 375,390,674 | \$ 380,141,572 | \$ 377,709,583 | \$ 373,557,267 | \$ 391,888,340 |
| Restricted | 23,629,145 | 21,879,233 | 15,200,637 | 15,687,488 | 12,812,621 | 17,076,343 | 25,458,913 | 22,928,580 | 26,956,300 | 30,543,128 |
| Unrestricted | <u>(7,524,091)</u> | <u>(8,453,502)</u> | <u>(234,211,040)</u> | <u>(246,277,051)</u> | <u>(251,375,498)</u> | <u>(620,384,208)</u> | <u>(636,886,920)</u> | <u>(687,485,603)</u> | <u>(584,890,500)</u> | <u>(557,799,452)</u> |
| Total primary government net position | <u>\$ 383,159,936</u> | <u>\$ 378,860,582</u> | <u>\$ 151,588,991</u> | <u>\$ 139,524,179</u> | <u>\$ 135,132,815</u> | <u>\$ (227,917,191)</u> | <u>\$ (231,286,435)</u> | <u>\$ (286,847,440)</u> | <u>\$ (184,376,933)</u> | <u>\$ (135,367,984)</u> |

Note: No discretely presented component units shown

- GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015. This resulted in presentation of the City's net pension liability on the statement of net position. Prior years were not restated.
- GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018. This resulted in presentation of the City's net OPEB liability on the statement of net position. Prior years were not restated.

**CITY OF LANSING
CHANGES IN NET POSITION
2013-2022
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

Table 2

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 27,438,065 | \$ 24,771,054 | \$ 25,225,893 | \$ 27,993,414 | \$ 21,778,154 | \$ 16,995,976 | \$ 26,679,840 | \$30,400,643 | \$ 11,196,979 | \$ 19,628,516 |
| Public safety | 77,133,469 | 78,142,897 | 81,827,437 | 85,739,408 | 91,829,441 | 87,352,251 | 97,391,612 | 121,102,641 | 57,170,988 | 78,113,026 |
| Public works | 29,984,955 | 37,243,516 | 27,815,970 | 28,212,049 | 28,983,891 | 26,485,877 | 29,644,398 | 35,288,254 | 32,334,504 | 27,316,002 |
| Recreation and culture | 7,713,098 | 8,670,918 | 6,515,590 | 10,336,168 | 9,441,519 | 8,302,243 | 7,650,889 | 11,238,934 | 4,125,852 | 6,707,099 |
| Community and economic development | 16,939,572 | 7,602,229 | 10,270,404 | 10,642,102 | 12,349,663 | 16,150,417 | 21,046,090 | 20,731,730 | 34,764,843 | 75,618,986 |
| Interest on long-term debt | 1,475,051 | 1,340,818 | 1,291,846 | 1,424,215 | 1,201,846 | 1,137,561 | 1,182,488 | 733,925 | 1,072,610 | 1,845,964 |
| Total governmental activities expenses | <u>160,684,210</u> | <u>157,771,432</u> | <u>152,947,140</u> | <u>164,347,356</u> | <u>165,584,514</u> | <u>156,424,325</u> | <u>183,595,317</u> | <u>219,496,127</u> | <u>140,665,776</u> | <u>209,229,593</u> |
| Business-type activities | | | | | | | | | | |
| Sewage disposal system | 26,298,964 | 28,682,809 | 27,506,843 | 28,487,957 | 27,567,228 | 28,552,143 | 31,939,976 | 32,605,664 | 20,828,495 | 22,239,978 |
| Municipal parking system | 8,108,373 | 7,851,702 | 7,605,461 | 7,651,077 | 6,866,747 | 9,888,246 | 7,081,998 | 12,716,606 | 3,183,095 | 10,110,065 |
| Cemetery | 633,050 | 722,270 | 632,485 | 708,545 | 886,579 | 1,379,877 | 470,220 | 1,652,255 | 300,009 | 98,394 |
| Golf | 892,117 | 935,671 | 852,634 | 845,575 | 802,564 | (372,775) | 278,501 | 229,467 | 198,889 | 164,878 |
| Garbage and rubbish collection | 1,557,708 | 1,722,843 | 1,712,671 | 2,085,728 | 1,543,380 | 3,101,893 | 1,035,262 | 2,431,066 | 1,753,713 | 1,509,140 |
| Recycling | 3,650,292 | 3,263,553 | 3,623,276 | 4,092,278 | 3,667,899 | 3,859,496 | 3,856,764 | 5,576,963 | 2,613,739 | 1,656,519 |
| Total business-type activities expenses | <u>41,140,504</u> | <u>43,178,848</u> | <u>41,933,370</u> | <u>43,871,160</u> | <u>41,334,397</u> | <u>46,408,880</u> | <u>44,662,721</u> | <u>55,212,021</u> | <u>28,877,940</u> | <u>35,778,974</u> |
| Total primary government expenses | <u>\$ 201,824,714</u> | <u>\$ 200,950,280</u> | <u>\$ 194,880,510</u> | <u>\$ 208,218,516</u> | <u>\$ 206,918,911</u> | <u>\$ 202,833,205</u> | <u>\$ 228,258,038</u> | <u>\$ 274,708,148</u> | <u>\$ 169,543,716</u> | <u>\$ 245,008,567</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 6,162,713 | \$ 6,820,261 | \$ 6,815,975 | \$ 7,279,427 | \$ 7,295,556 | \$ 7,038,702 | \$ 7,567,720 | \$7,616,658 | \$ 10,158,500 | \$ 9,406,822 |
| Public safety | 4,083,222 | 2,122,023 | 3,344,183 | 2,909,054 | 3,476,966 | 4,140,682 | 3,935,250 | 4,770,026 | 3,553,105 | 4,423,872 |
| Public works | 1,622,738 | 2,129,126 | 1,923,303 | 3,011,894 | 1,836,466 | 716,322 | 2,978,549 | 536,961 | 560,343 | 1,165,080 |
| Recreation and culture | 594,349 | 800,293 | 619,834 | 673,840 | 617,604 | 831,816 | 1,092,232 | 1,038,740 | 1,188,287 | 1,192,891 |
| Community and economic development | 67,349 | 67,323 | 67,264 | 67,272 | 67,312 | - | - | - | - | - |
| Operating grants and contributions | 29,322,435 | 28,234,803 | 24,658,955 | 24,561,960 | 25,157,629 | 28,983,936 | 29,663,253 | 28,534,469 | 61,065,241 | 90,177,926 |
| Capital grants and contributions | 3,124,288 | 3,365,682 | 2,910,660 | 904,298 | 63,488 | 855,760 | 3,313,872 | 285,075 | 15,693,491 | 5,283,332 |
| Total governmental activities program revenues | <u>44,977,094</u> | <u>43,539,511</u> | <u>40,340,174</u> | <u>39,407,745</u> | <u>38,515,021</u> | <u>42,567,218</u> | <u>48,550,876</u> | <u>42,781,929</u> | <u>92,218,967</u> | <u>111,649,923</u> |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Sewage disposal system | 30,825,174 | 31,759,698 | 31,730,416 | 32,368,491 | 34,755,896 | 35,107,570 | 35,752,812 | 34,968,585 | 38,471,972 | 35,943,034 |
| Municipal parking system | 5,267,627 | 7,453,476 | 6,988,879 | 7,090,335 | 6,906,091 | 7,436,552 | 8,422,161 | 6,211,685 | 2,710,377 | 5,101,852 |
| Cemetery | 314,913 | 289,565 | 335,379 | 312,929 | 403,663 | 351,204 | 415,757 | 403,030 | 558,744 | 526,299 |
| Golf | 373,000 | 366,567 | 363,559 | 313,164 | 256,218 | 179,464 | - | 3,091 | - | - |
| Garbage and rubbish collection | 1,131,659 | 1,664,201 | 1,744,999 | 1,871,665 | 1,952,897 | 2,072,454 | 2,243,627 | 2,278,024 | 2,796,524 | 3,246,590 |
| Recycling | 3,434,622 | 3,508,536 | 3,624,671 | 3,627,070 | 3,614,794 | 3,779,468 | 4,081,700 | 4,376,310 | 4,504,054 | 4,455,510 |
| Operating grants and contributions | 1,193,571 | 2,574,949 | 1,143,085 | 1,312,362 | 1,391,326 | 1,603,942 | 6,648,917 | 2,000,000 | - | - |
| Capital grants and contributions | - | - | - | - | 100,000 | - | - | - | - | - |
| Total business-type activities program revenues | <u>42,540,566</u> | <u>47,616,992</u> | <u>45,930,988</u> | <u>46,896,016</u> | <u>49,380,885</u> | <u>50,530,654</u> | <u>57,564,974</u> | <u>50,240,725</u> | <u>49,041,671</u> | <u>49,273,285</u> |
| Total primary government program revenues | <u>\$ 87,517,660</u> | <u>\$ 91,156,503</u> | <u>\$ 86,271,162</u> | <u>\$ 86,303,761</u> | <u>\$ 87,895,906</u> | <u>\$ 93,097,872</u> | <u>\$ 106,115,850</u> | <u>\$93,022,654</u> | <u>\$ 141,260,638</u> | <u>\$ 160,923,208</u> |
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental activities | \$ (115,707,116) | \$ (114,231,921) | \$ (112,606,966) | \$ (124,939,611) | \$ (127,069,493) | \$ (113,857,107) | \$ (135,044,441) | \$ (176,714,198) | \$ (48,446,809) | \$ (97,579,670) |
| Business-type activities | 1,400,062 | 4,438,144 | 3,997,618 | 3,024,856 | 8,046,488 | 4,121,774 | 12,902,253 | (4,971,296) | 20,163,731 | 13,494,311 |
| Total primary government net expense | <u>\$ (114,307,054)</u> | <u>\$ (109,793,777)</u> | <u>\$ (108,609,348)</u> | <u>\$ (121,914,755)</u> | <u>\$ (119,023,005)</u> | <u>\$ (109,735,333)</u> | <u>\$ (122,142,188)</u> | <u>\$ (181,685,494)</u> | <u>\$ (28,283,078)</u> | <u>\$ (84,085,359)</u> |

CITY OF LANSING
CHANGES IN NET POSITION (concluded)
2013-2022
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)

Table 2

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2022 | 2022 |
|---|------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General revenues | | | | | | | | | | |
| Property taxes | \$ 38,668,837 | \$ 38,079,548 | \$ 39,657,382 | \$ 38,578,548 | \$ 40,568,278 | \$ 39,573,468 | \$ 41,692,930 | \$41,675,711 | \$ 45,690,419 | \$ 47,620,607 |
| Income taxes | 29,850,755 | 31,450,913 | 31,660,923 | 34,573,130 | 35,694,010 | 38,455,296 | 37,021,436 | 37,438,724 | 37,005,040 | 37,087,593 |
| Unrestricted grants contributions | 31,425,718 | 35,677,910 | 36,330,976 | 36,532,275 | 38,108,544 | 39,419,658 | 39,530,073 | 42,029,100 | 46,503,607 | 47,820,068 |
| Unrestricted investment earnings | 58,588 | 36,836 | 26,353 | 99,058 | 125,539 | 216,239 | 463,685 | 707,383 | 187,320 | (94,154) |
| Miscellaneous | - | - | 280,280 | 63,079 | 135,270 | - | 64,820 | 91,088 | 177,521 | (38,468) |
| Transfers - internal activities | (583,117) | (705,637) | (644,485) | (629,715) | (746,209) | (912,186) | (580,817) | 4,691,895 | 3,221,479 | (597,000) |
| Total governmental activities | 99,420,781 | 104,539,570 | 107,311,429 | 109,216,375 | 113,885,432 | 116,752,475 | 118,192,127 | 126,633,901 | 132,785,386 | 131,798,646 |
| Business-type activities | | | | | | | | | | |
| Unrestricted investment earnings | 356,467 | 246,616 | 17,874 | - | - | - | - | 2,061,667 | 1,189,678 | 698,662 |
| Miscellaneous | - | 2,600 | - | 3,853 | - | - | - | - | - | - |
| Transfers - internal activities | 583,117 | 705,637 | 644,485 | 629,715 | 746,209 | 912,186 | 580,817 | (4,691,895) | (3,221,479) | 597,000 |
| Gain on sale of assets | - | - | - | - | - | - | - | 2,120,816 | - | - |
| Total business-type activities | 939,584 | 954,853 | 662,359 | 633,568 | 746,209 | 912,186 | 580,817 | (509,412) | (2,031,801) | 1,295,662 |
| Total primary government | <u>\$ 100,360,365</u> | <u>\$ 105,494,423</u> | <u>\$ 107,973,788</u> | <u>\$ 109,849,943</u> | <u>\$ 114,631,641</u> | <u>\$ 117,664,661</u> | <u>\$ 118,772,944</u> | <u>\$ 126,124,489</u> | <u>\$ 130,753,585</u> | <u>\$ 133,094,308</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (16,286,335) | \$ (9,692,351) | \$ (5,295,537) | \$ (15,723,236) | \$ (13,184,061) | \$ 2,895,368 | \$ (16,852,314) | \$ (50,080,297) | \$ 84,338,577 | \$ 34,218,976 |
| Business-type activities | 2,339,646 | 5,392,997 | 4,659,977 | 3,658,424 | 8,792,697 | 5,033,960 | 13,483,070 | (5,480,708) | 18,131,930 | 14,789,973 |
| Total primary government | <u>\$ (13,946,689)</u> | <u>\$ (4,299,354)</u> | <u>\$ (635,560)</u> | <u>\$ (12,064,812)</u> | <u>\$ (4,391,364)</u> | <u>\$ 7,929,328</u> | <u>\$ (3,369,244)</u> | <u>\$ (55,561,005)</u> | <u>\$ 102,470,507</u> | <u>\$ 49,008,949</u> |

**CITY OF LANSING
FUND BALANCE
GOVERNMENTAL FUNDS
2013-2022
(UNAUDITED)**

Table 3

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General fund | | | | | | | | | | |
| Nonspendable | \$ 75,738 | \$ 79,770 | \$ 35,424 | \$ 492,549 | \$ 28,342 | \$ 39,437 | \$ 38,605 | \$ 185,369 | \$ 570,654 | \$ 759,490 |
| Restricted | 9,400 | 36,854 | 10,044 | - | - | - | - | - | - | - |
| Committed | 2,976,408 | 2,038,608 | 837,761 | 428,106 | 385,067 | 283,815 | - | - | 7,972,836 | 785,099 |
| Unassigned | 5,633,528 | 7,052,830 | 9,783,911 | 12,407,748 | 15,283,857 | 17,003,260 | 9,992,885 | 9,935,641 | 21,229,263 | 21,907,213 |
| Total general fund | <u>8,695,074</u> | <u>9,208,062</u> | <u>10,667,140</u> | <u>13,328,403</u> | <u>15,697,266</u> | <u>17,326,512</u> | <u>10,031,490</u> | <u>10,121,010</u> | <u>29,772,753</u> | <u>23,451,802</u> |
| All other governmental funds | | | | | | | | | | |
| Nonspendable | 2,671,151 | 2,551,975 | 2,619,065 | 2,578,331 | 2,618,884 | 2,842,489 | 2,952,027 | 3,169,987 | 3,283,816 | 3,153,577 |
| Restricted | 4,368,983 | 6,902,928 | 6,865,580 | 6,934,665 | 4,730,012 | 9,009,438 | 17,038,777 | 18,550,655 | 21,235,094 | 35,877,471 |
| Committed | 4,035,145 | 4,623,112 | 7,110,485 | 8,427,253 | 10,426,961 | 8,837,341 | 9,147,988 | 10,637,417 | 2,546,040 | 5,192,514 |
| Unassigned (deficit) | (619,931) | (522,157) | (528,144) | (410,252) | (411,098) | (155,261) | (115,546) | (82,237) | - | - |
| Total all other governmental funds | <u>10,455,348</u> | <u>13,555,858</u> | <u>16,066,986</u> | <u>17,529,997</u> | <u>17,364,759</u> | <u>20,534,007</u> | <u>29,023,246</u> | <u>32,275,822</u> | <u>27,064,950</u> | <u>44,223,562</u> |
| Total all governmental funds | <u>\$ 19,150,422</u> | <u>\$ 22,763,920</u> | <u>\$ 26,734,126</u> | <u>\$ 30,858,400</u> | <u>\$ 33,062,025</u> | <u>\$ 37,860,519</u> | <u>\$ 39,054,736</u> | <u>\$ 42,396,832</u> | <u>\$ 56,837,703</u> | <u>\$ 67,675,364</u> |

Note: GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented in 2011. Further information on the fund balances are found in the footnotes to the financial statements.

**CITY OF LANSING
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
2013-2022
(UNAUDITED)**

Table 4

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| Revenues | | | | | | | | | | |
| Property taxes and special assessments | \$ 38,717,552 | \$ 38,151,162 | \$ 39,470,249 | \$ 38,782,759 | \$ 40,691,325 | \$ 39,629,305 | \$ 41,732,645 | \$ 41,709,020 | \$ 45,712,919 | \$ 48,010,607 |
| Income taxes | 29,850,755 | 31,450,913 | 31,660,923 | 34,573,130 | 35,694,010 | 38,455,296 | 37,021,436 | 37,438,724 | 37,005,040 | 37,087,593 |
| Licenses and permits | 1,509,402 | 1,508,133 | 1,551,125 | 1,559,638 | 1,494,298 | 2,113,824 | 1,399,881 | 2,427,866 | 1,930,169 | 1,932,281 |
| Intergovernmental revenue | 40,639,183 | 41,658,435 | 36,042,377 | 34,175,112 | 36,391,761 | 41,848,072 | 45,586,152 | 44,166,490 | 77,368,957 | 113,084,026 |
| Charges for services | 11,754,381 | 13,037,014 | 12,900,490 | 14,102,447 | 13,230,822 | 12,432,770 | 15,235,656 | 13,048,934 | 15,525,892 | 15,574,570 |
| Fines and forfeits | 3,694,351 | 2,738,392 | 3,075,427 | 3,455,541 | 2,510,945 | 2,601,063 | 2,306,990 | 1,589,733 | 1,491,641 | 1,576,283 |
| Interest and rents | 53,179 | 56,550 | 87,035 | 145,011 | 201,367 | 284,165 | 631,812 | 911,454 | 402,443 | 119,690 |
| Other | 16,757,918 | 21,379,388 | 23,162,946 | 22,854,314 | 22,952,587 | 22,101,917 | 22,391,478 | 23,371,306 | 26,397,782 | 25,760,762 |
| Total revenues | 142,976,721 | 149,979,987 | 147,950,572 | 149,647,952 | 153,167,115 | 159,466,412 | 166,306,050 | 164,663,527 | 205,834,843 | 243,145,812 |
| Expenditures | | | | | | | | | | |
| Current Expenditures | | | | | | | | | | |
| General government | 23,595,321 | 21,063,589 | 21,720,206 | 23,386,445 | 23,948,368 | 22,281,236 | 27,340,931 | 23,111,276 | 19,864,962 | 25,473,276 |
| Public safety | 63,943,082 | 72,068,298 | 75,510,743 | 72,264,468 | 73,683,246 | 75,859,065 | 78,659,682 | 80,863,159 | 76,213,091 | 90,331,314 |
| Public works | 8,908,673 | 13,456,773 | 13,273,332 | 11,715,510 | 11,201,515 | 11,087,884 | 11,632,895 | 12,368,707 | 11,010,619 | 12,955,334 |
| Highway and streets | 9,937,423 | 10,496,880 | 10,357,488 | 10,838,473 | 10,969,516 | 10,104,034 | 11,984,896 | 10,711,027 | 10,857,448 | 11,450,485 |
| Recreation and culture | 6,629,453 | 8,457,444 | 7,583,085 | 7,719,906 | 7,749,245 | 8,236,872 | 8,138,369 | 7,420,052 | 6,497,239 | 9,134,233 |
| Community and economic development | - | 3,646,035 | 3,910,924 | 3,442,110 | 4,142,612 | 15,947,504 | 19,435,277 | 18,699,058 | 43,174,711 | 76,784,433 |
| Other | 23,699,202 | 2,620,316 | 2,704,982 | 2,927,391 | 2,710,979 | - | - | - | - | - |
| Debt service | | | | | | | | | | |
| Principal | 3,137,159 | 1,185,257 | 3,616,297 | 3,892,862 | 4,596,159 | 3,622,053 | 3,183,595 | 3,286,705 | 3,359,672 | 4,518,916 |
| Interest and fiscal charges | 1,421,600 | 3,485,104 | 931,079 | 1,275,957 | 1,120,518 | 949,318 | 1,000,307 | 823,907 | 798,387 | 2,003,677 |
| Capital outlay | 5,489,617 | 8,715,193 | 21,016,808 | 7,221,346 | 9,328,278 | 5,146,742 | 4,798,070 | 7,891,788 | 21,325,057 | 18,396,917 |
| Total expenditures | 146,761,530 | 145,194,889 | 160,624,944 | 144,684,468 | 149,450,436 | 153,234,708 | 166,174,022 | 165,175,679 | 193,101,186 | 251,048,585 |
| Excess (deficiency) of revenues over expenditures | (3,784,809) | 4,785,098 | (12,674,372) | 4,963,484 | 3,716,679 | 6,231,704 | 132,028 | (512,152) | 12,733,657 | (7,902,773) |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 7,056,932 | 10,522,162 | 9,734,572 | 9,207,856 | 9,887,627 | 7,721,661 | 8,749,296 | 16,980,511 | 8,542,188 | 10,210,859 |
| Transfers out | (7,892,449) | (12,847,799) | (10,002,772) | (10,055,346) | (11,497,936) | (9,283,847) | (9,330,113) | (13,218,616) | (7,325,709) | (10,807,859) |
| Proceeds from borrowing | 11,932,046 | 986,300 | 16,761,300 | 2,090,000 | - | - | 8,603,699 | - | - | 27,559,000 |
| Proceeds from the sale of capital assets | 497,833 | 167,737 | 110,533 | 268 | 97,255 | 128,976 | - | 92,353 | 490,735 | 400,000 |
| Payments to advance refunding escrow agent | (6,015,112) | - | - | (2,162,163) | - | - | (7,741,363) | - | - | (8,621,566) |
| Bond premium (discount) | - | - | 40,945 | 80,175 | - | - | 780,670 | - | - | - |
| Total other financing sources (uses) | 5,579,250 | (1,171,600) | 16,644,578 | (839,210) | (1,513,054) | (1,433,210) | 1,062,189 | 3,854,248 | 1,707,214 | 18,740,434 |
| Net change in fund balances | \$ 1,794,441 | \$ 3,613,498 | \$ 3,970,206 | \$ 4,124,274 | \$ 2,203,625 | \$ 4,798,494 | \$ 1,194,217 | \$ 3,342,096 | \$ 14,440,871 | \$ 10,837,661 |
| Debt service as a percentage of noncapital expenditures | 3.2% | 3.4% | 2.8% | 3.6% | 3.8% | 3.0% | 2.5% | 2.5% | 2.7% | 2.8% |

Table 5

CITY OF LANSING
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(UNAUDITED)

| Year | Taxable Assessed Value | | | | | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Value | Ratio of Total Assessed to Total Estimated Actual Value |
|------|------------------------|----------------|---|--------------|---------------|------------------------------------|--------------------------|---------------------------|---|
| | Real | Personal | Industrial and Commercial Subject to Act 198 | Agricultural | Developmental | | | | |
| 2013 | \$ 1,232,109,181 | \$ 182,543,900 | \$ 673,887,300 | \$ 151,900 | \$ - | \$ 2,088,692,281 | 19.70 | \$ 4,177,384,562 | 50.0% |
| 2014 | 1,152,931,800 | 182,024,000 | 666,477,900 | 151,900 | 2,900 | 2,001,588,500 | 19.70 | 4,002,817,000 | 50.0% |
| 2015 | 1,144,848,592 | 183,420,400 | 758,406,830 | 158,100 | 2,900 | 2,086,836,822 | 19.70 | 4,173,673,644 | 50.0% |
| 2016 | 1,162,708,909 | 196,143,891 | 806,360,800 | 175,600 | 2,900 | 2,165,392,100 | 19.70 | 4,330,784,200 | 50.0% |
| 2017 | 1,285,584,500 | 144,076,700 | 837,758,400 | 172,500 | - | 2,267,592,100 | 19.70 | 4,535,184,200 | 50.0% |
| 2018 | 1,325,754,900 | 131,924,900 | 892,135,800 | 180,000 | - | 2,349,995,600 | 19.70 | 4,699,991,200 | 50.0% |
| 2019 | 1,422,412,200 | 143,567,100 | 1,000,797,500 | 185,300 | - | 2,566,962,100 | 19.70 | 5,133,924,200 | 50.0% |
| 2020 | 1,537,030,826 | 157,132,900 | 1,143,059,850 | 211,800 | - | 2,837,435,376 | 19.70 | 5,674,870,752 | 50.0% |
| 2021 | 1,638,136,900 | 171,927,400 | 1,247,559,700 | 192,100 | 1 | 3,057,816,101 | 19.70 | 6,115,632,202 | 50.0% |
| 2022 | 1,766,415,343 | 172,959,000 | 1,285,295,000 | 206,900 | - | 3,224,876,243 | 19.70 | 6,449,752,486 | 50.0% |

Source: Lansing City Assessor

**CITY OF LANSING
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(UNAUDITED)
(RATE PER \$1,000 OF ASSESSED VALUE)**

Table 6

| Year Ended December 31, | Tax Year | City of Lansing | | | Overlapping Rates | | | | | Totals |
|----------------------------|----------|----------------------|--------------------|--------------------------|------------------------|-------------------|---------------------------|-----------------|----------------------|--------|
| | | Operating Millage | Service Millage | Total City Millage | Schools Millage (1) | County Millage | State Education Tax | College Millage | Other (2) Millage | Total |
| 2013 | 2012 | 19.44 | .26 | 19.70 | 21.73 | 9.49 | 6.00 | 3.81 | 9.96 | 70.69 |
| 2014 | 2013 | 19.44 | .26 | 19.70 | 21.91 | 9.50 | 6.00 | 3.81 | 9.96 | 70.88 |
| 2015 | 2014 | 19.44 | .26 | 19.70 | 21.77 | 10.20 | 6.00 | 3.81 | 9.96 | 71.44 |
| 2016 | 2015 | 19.44 | .26 | 19.70 | 21.83 | 9.83 | 6.00 | 3.81 | 9.96 | 71.13 |
| 2017 | 2016 | 19.44 | .26 | 19.70 | 22.57 | 10.06 | 6.00 | 3.81 | 9.96 | 72.10 |
| 2018 | 2017 | 19.44 | .26 | 19.70 | 22.60 | 10.07 | 6.00 | 3.81 | 11.25 | 73.43 |
| 2019 | 2018 | 19.44 | .26 | 19.70 | 22.50 | 11.34 | 6.00 | 3.81 | 11.26 | 74.61 |
| 2020 | 2019 | 19.44 | .26 | 19.70 | 25.38 | 11.34 | 6.00 | 3.81 | 9.97 | 76.20 |
| 2021 | 2020 | 19.44 | .26 | 19.70 | 25.10 | 11.91 | 6.00 | 3.77 | 10.20 | 76.68 |
| 2022 | 2021 | 19.44 | .26 | 19.70 | 24.51 | 11.98 | 6.00 | 3.77 | 10.18 | 76.14 |

(1) rates for Lansing School District only, using non-principal residency rates

(2) includes Intermediate School, Airport Authority, Capital Area Transit Authority and Capital Area District Library

Source: Lansing City Treasurer

**CITY OF LANSING
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Table 7

| Taxpayer | 2022 | | | 2013 | | |
|---|----------------------------------|------|---------------------|----------------------------------|------|---------------------|
| | Taxable Assessed Valuation | Rank | Percent of Total | Taxable Assessed Valuation | Rank | Percent of Total |
| General Motors LLC | \$ 60,598,657 | 1 | 1.88% | \$ 81,468,000 | 1 | 3.55% |
| Consumers Energy | 58,369,140 | 2 | 1.81% | 22,283,300 | 3 | 0.97% |
| Jackson National Life Insurance Company | 38,753,265 | 3 | 1.20% | 32,771,500 | 2 | 1.43% |
| Accident Fund | 25,824,100 | 4 | 0.80% | | | |
| Lansing Properties LLC | 25,083,048 | 5 | 0.78% | | | |
| Red Cedar Housing | 20,756,700 | 6 | 0.64% | | | |
| Lansing MI MultiFamily Dst | 13,964,100 | 7 | 0.43% | | | |
| Lansing Retail Center | 13,017,794 | 8 | 0.40% | 10,661,000 | 6 | 0.46% |
| Emergent BioSolutions | 12,289,461 | 9 | 0.38% | | | |
| Hunter Towne Properties | 10,623,577 | 10 | 0.33% | | | |
| Demmer Corporation | | | | 14,898,600 | 4 | 0.65% |
| Comcast of Michigan LLC | | | | 11,644,000 | 5 | 0.51% |
| Sprint Spectrum L.P. | | | | 9,496,000 | 7 | 0.41% |
| Heart of the City Assoc | | | | 7,271,400 | 8 | 0.32% |
| Emergent BioSolutions | | | | 6,881,400 | 9 | 0.30% |
| Quality Dairy Co. #17 | | | | 6,759,700 | 10 | 0.29% |
| | <u>\$ 279,279,842</u> | | <u>8.66%</u> | <u>\$ 204,134,900</u> | | <u>8.88%</u> |

Source: Lansing City Assessor

**CITY OF LANSING
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 8

| Tax Year | Fiscal Year | (A) Total Adjusted Tax Levy | Collection of Current Year's Taxes During Year Levied | Percent of Levy Collected During Year Levied | (B) Collection Subsequent to the Year of Tax Levy | Total Collections | Percent of Total Collections to Tax Levy |
|----------|-------------|--------------------------------------|---|--|---|----------------------|---|
| 2012 | 2013 | \$ 40,450,767 | \$ 39,716,932 | 98.19% | \$ 55,532 | \$ 39,772,464 | 98.32% |
| 2013 | 2014 | 39,336,952 | 39,238,902 | 99.75% | 20,866 | 39,259,768 | 99.80% |
| 2014 | 2015 | 38,329,032 | 38,258,272 | 99.82% | 49,590 | 38,307,862 | 99.94% |
| 2015 | 2016 | 38,538,226 | 38,461,152 | 99.80% | 52,758 | 38,513,910 | 99.94% |
| 2016 | 2017 | 38,431,072 | 38,370,929 | 99.84% | 50,344 | 38,421,273 | 99.97% |
| 2017 | 2018 | 39,234,692 | 39,232,925 | 100.00% | 67,348 | 39,300,273 | 100.17% |
| 2018 | 2019 | 40,231,255 | 40,203,313 | 99.93% | 42,639 | 40,245,952 | 100.04% |
| 2019 | 2020 | 42,128,760 | 42,123,931 | 99.99% | 17,175 | 42,141,106 | 100.03% |
| 2020 | 2021 | 43,098,838 | 43,051,670 | 99.89% | 132,556 | 43,184,226 | 100.20% |
| 2021 | 2022 | 47,200,360 | 47,196,707 | 99.99% | 85,532 | 47,282,239 | 100.17% |

Note: Amounts are net of chargebacks from the County Tax Revolving Funds for taxes still delinquent after three years.

Note: Delinquent Tax Collection represents amounts received in the indicated fiscal year.

Source: City of Lansing Treasurer

CITY OF LANSING
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 9

| Year | Governmental Activities | | | | Business-Type Activities | | | | Total Primary Government | Percentage of Personal Income | Per Capita | Population (1) | |
|------|--------------------------|--------------------------------|-------------------------------------|------------|--------------------------|---------------|---------------------------------------|-------------------------------------|--------------------------|-------------------------------|------------|----------------|---------|
| | General Obligation Bonds | Installment Purchase Contracts | Net Unamortized Premiums/ Discounts | Loans | General Obligation Bonds | Revenue Bonds | Installment Purchase Agreements/Loans | Net Unamortized Premiums/ Discounts | | | | | |
| | | | | | | | | | | | | | |
| 2013 | \$ 25,816,914 | \$ 8,193,615 | \$ 62,604 | \$ 512,577 | \$ 189,536,530 | \$ 30,135,311 | \$ 1,637,177 | \$ 2,548,679 | \$ 258,443,407 | 13.10% | 2 | \$ 2,277 | 114,738 |
| 2014 | 27,180,294 | 3,100,563 | 35,294 | 7,062,234 | 174,471,861 | 24,055,438 | 1,668,081 | 1,729,013 | 239,302,778 | 11.08% | 2 | 2,097 | 114,113 |
| 2015 | 27,790,281 | 16,387,327 | 35,281 | 7,872,600 | 167,787,460 | 19,445,482 | 1,459,431 | 1,604,958 | 242,382,820 | 10.27% | 2 | 2,133 | 113,659 |
| 2016 | 21,968,330 | 15,268,317 | 68,330 | 7,872,600 | 154,303,563 | 20,671,135 | 1,246,673 | 1,715,511 | 223,114,459 | 9.42% | 2 | 1,955 | 114,110 |
| 2017 | 18,080,040 | 13,757,531 | 15,040 | 7,728,428 | 143,761,916 | 18,982,246 | 1,029,723 | 1,552,355 | 204,907,279 | 8.04% | 2 | 1,745 | 117,400 |
| 2018 | 15,325,818 | 12,289,396 | 19,222 | 7,476,545 | 136,938,668 | 17,258,138 | 808,500 | 1,389,200 | 191,505,487 | 7.18% | 2 | 1,637 | 116,986 |
| 2019 | 14,925,420 | 11,274,020 | 761,721 | 7,242,002 | 117,713,909 | 14,075,000 | 582,920 | 2,097,766 | 168,672,758 | 6.41% | 2 | 1,437 | 117,388 |
| 2020 | 11,792,231 | 10,230,073 | 748,067 | 7,000,422 | 112,290,745 | 12,525,000 | 352,897 | 1,890,331 | 156,829,766 | 5.96% | 2 | 1,327 | 118,210 |
| 2021 | 27,958,180 | 9,156,735 | 663,565 | 7,660,461 | 115,160,822 | 10,975,000 | 118,343 | 2,142,487 | 173,835,593 | 6.85% | 2 | 1,543 | 112,664 |
| 2022 | 29,629,300 | 22,457,000 | 586,222 | 6,886,326 | 103,495,891 | 9,425,000 | - | 1,998,159 | 174,477,898 | 6.52% | 2 | 1,548 | 112,684 |

(1) population per decennial census by the U.S. Census Bureau

(2) personal income data comes from U.S. Census Bureau, American Community Survey 2009

Table 10

CITY OF LANSING
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

| Fiscal Year Ended June 30, | Population(1) | Taxable Assessed Value(3) | Gross Bonded Debt(2) | Debt Service Monies Available | Debt Payable From Restricted Revenues | Net Bonded Debt | Ratio of Net Bonded Debt to Taxable Value | Net Bonded Debt per Capita |
|-------------------------------------|---------------|---------------------------------|-------------------------|--|--|--------------------|---|-------------------------------------|
| 2013 | 113,488 | \$ 2,297,591,331 | \$ 217,964,727 | \$ - | \$ 192,085,209 | \$ 20,441,914 | 0.0089 | \$ 178 |
| 2014 | 114,113 | 2,001,588,500 | 203,416,462 | - | 176,200,874 | 23,620,294 | 0.0118 | 207 |
| 2015 | 113,659 | 2,086,836,822 | 197,217,980 | 1,000 | 169,392,418 | 25,204,281 | 0.0121 | 222 |
| 2016 | 114,110 | 2,165,392,100 | 178,055,734 | 1,000 | 156,019,074 | 20,397,330 | 0.0094 | 179 |
| 2017 | 117,400 | 2,267,592,100 | 163,409,357 | 1,000 | 145,314,271 | 17,569,040 | 0.0077 | 150 |
| 2018 | 116,986 | 2,349,995,600 | 153,772,908 | 1,000 | 138,327,868 | 15,324,818 | 0.0065 | 131 |
| 2019 | 117,388 | 2,566,962,100 | 135,498,816 | 30,111 | 119,811,675 | 14,895,309 | 0.0058 | 127 |
| 2020 | 118,210 | 2,837,435,376 | 126,721,374 | 29,361 | 114,181,076 | 11,762,870 | 0.0041 | 100 |
| 2021 | 112,664 | 3,057,816,101 | 145,925,054 | 29,361 | 117,303,309 | 28,592,384 | 0.0094 | 254 |
| 2022 | 112,684 | 3,224,876,243 | 135,709,572 | 29,361 | 105,494,050 | 30,186,161 | 0.0094 | 268 |

(1) Source: 2000 and 2010 Census by the U.S. Census Bureau (www.census.gov/quickfacts/lansingcitymichigan)

(2) includes all general obligation debt and special assessment debt with governmental obligation

(3) the tax assessment day is December 31 prior to beginning of fiscal year

**CITY OF LANSING
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2022
(UNAUDITED)**

Table 11

Overlapping

| | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|-------------------------------------|-----------------------------|--|--|
| Net direct - City | \$ 30,215,522 | 100.00% | \$ 30,215,522 |
| Share of County-issued bonds | | | |
| Drain Commission | 24,445,465 | 100.00% | 24,445,465 |
| Other Overlapping Debt | | | |
| Eaton Intermediate School District | 2,910,000 | 1.19% | 34,629 |
| Ingham Intermediate School District | 14,358,000 | 24.83% | 3,565,091 |
| Waverly School District | 58,910,000 | 0.30% | 176,730 |
| Lansing School District | 142,310,000 | 82.23% | 117,021,513 |
| East Lansing School District | 94,568,377 | 2.83% | 2,676,285 |
| Holt School District | 53,908,286 | 2.34% | 1,261,454 |
| Ingham County | 75,681,363 | 5.64% | 4,270,909 |
| Eaton County | 20,619,119 | 2.40% | 494,859 |
| Clinton County | 26,093,098 | 0.28% | 73,061 |
| Lansing Community College | 89,380,000 | 20.47% | 18,296,086 |
| Okemos School District | 23,096,460 | 4.92% | 1,136,346 |
| Mason School District | 48,110,000 | 1.28% | 615,808 |
| Grand Ledge School District | 105,610,000 | 2.88% | 3,041,568 |
| Total Overlapping | | | \$ 177,109,804 |
| Total Direct and Overlapping | | | \$ 207,325,326 |

Sources: Municipal Advisory Council

Note: Overlapping debt percentages are apportioned based upon relative assessed values.

**CITY OF LANSING
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 12

Legal Debt Margin Calculation for Fiscal Year 2022

| | |
|---|------------------------------|
| Assessed value, real and personal property | \$ 3,224,876,243 |
| Legal debt margin | |
| Debt limitation - 10 percent of total valuation | <u>322,487,624</u> |
| Debt applicable to limit | |
| Total City Bonded Debt | 135,709,572 |
| City Share: | |
| Drain Commission-County Issued | 24,445,465 |
| TIF Supported Bonds | <u>26,955,000</u> |
| | 187,110,037 |
| Less: | |
| Brownfield Redevelopment Authority Bonds | \$ (39,720,000) |
| Sewage Disposal Revenue Bonds | (9,425,000) |
| Pollution Abatement (CSO Project) Bonds | (64,715,151) |
| Share of County-issued bonds | <u>(24,445,465)</u> |
| | <u>(138,305,616)</u> |
| Total net debt applicable to limit | <u>48,804,421</u> |
| Legal debt margin | <u><u>\$ 273,683,203</u></u> |

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Debt limit | \$ 322,487,624 | \$ 283,743,538 | \$ 256,696,210 | \$ 207,850,642 | \$ 233,606,400 | \$ 223,687,492 | \$ 216,539,210 | \$ 208,683,682 | \$ 205,138,999 | \$ 208,869,228 |
| Total net debt applicable to limit | <u>48,804,421</u> | <u>81,956,344</u> | <u>81,532,491</u> | <u>72,669,623</u> | <u>87,295,949</u> | <u>81,398,300</u> | <u>86,432,459</u> | <u>91,352,614</u> | <u>93,062,835</u> | <u>91,833,157</u> |
| Legal debt margin | <u><u>\$ 273,683,203</u></u> | <u><u>\$ 201,787,194</u></u> | <u><u>\$ 175,163,719</u></u> | <u><u>\$ 135,181,019</u></u> | <u><u>\$ 146,310,451</u></u> | <u><u>\$ 142,289,192</u></u> | <u><u>\$ 130,106,751</u></u> | <u><u>\$ 117,331,068</u></u> | <u><u>\$ 112,076,164</u></u> | <u><u>\$ 117,036,071</u></u> |
| Total net debt applicable to the limit as a percentage of debt limit | 15.13% | 28.88% | 31.76% | 34.96% | 37.37% | 36.39% | 39.92% | 43.78% | 45.37% | 43.97% |

**CITY OF LANSING
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 13

| Sewage Disposal Bonds | | | | | | | |
|------------------------------|------------------|-------------------------------------|--|---------------------------|--------------|--------------|--------------|
| | Gross Revenue | Direct Operating Expenses (1) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage (2) |
| | | | | Principal | Interest | Total | |
| 2013 | \$ 31,169,428 | \$ 12,112,994 | \$ 19,056,434 | \$ 3,160,000 | \$ 1,111,390 | \$ 4,271,390 | 4.46 |
| 2014 | 31,996,794 | 13,424,901 | 18,571,893 | 3,265,000 | 1,054,878 | 4,319,878 | 4.30 |
| 2015 | 31,945,082 | 13,295,574 | 18,649,508 | 1,490,000 | 920,788 | 2,410,788 | 7.74 |
| 2016 | 32,676,182 | 14,066,527 | 18,609,655 | 1,550,000 | 861,188 | 2,411,188 | 7.72 |
| 2017 | 35,053,701 | 13,843,649 | 21,210,052 | 1,550,000 | 799,188 | 2,349,188 | 9.03 |
| 2018 | 35,608,454 | 14,994,871 | 20,613,583 | 1,550,000 | 737,188 | 2,287,188 | 9.01 |
| 2019 | 36,696,367 | 18,587,607 | 18,108,760 | 1,550,000 | 690,688 | 2,240,688 | 8.08 |
| 2020 | 34,968,585 | 19,568,461 | 15,400,124 | 1,550,000 | 613,188 | 2,163,188 | 7.12 |
| 2021 | 38,635,421 | 28,902,815 | 9,732,606 | 1,550,000 | 535,688 | 2,085,688 | 4.67 |
| 2022 | 36,142,653 | 10,866,625 | 25,276,028 | 1,550,000 | 458,188 | 2,008,188 | 12.59 |

(1) Operating expenses less depreciation

(2) Coverage is defined as net revenue available for debt service divided by debt service requirements

**CITY OF LANSING
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Table 14

| <u>Year</u> | <u>Population (1)</u> | <u>Personal Income</u> | <u>Per Capita Income (1)</u> | <u>Median Age (1)</u> | <u>Lansing School District Enrollment (2)</u> | <u>Unemployment Rate (3)</u> | <u>Labor Force (3)</u> |
|-------------|-----------------------|----------------------------|----------------------------------|---------------------------|---|----------------------------------|----------------------------|
| 2013 | 113,488 | \$ 1,973,149,386 | \$ 17,197 | 32.40 | 12,754 | 11.3% | 58,087 |
| 2014 | 114,113 | 2,159,930,864 | 18,928 | 32.00 | 11,936 | 9.1% | 57,809 |
| 2015 | 113,659 | 2,359,106,204 | 20,756 | 32.10 | 11,525 | 7.4% | 57,807 |
| 2016 | 114,110 | 2,368,467,160 | 20,756 | 32.10 | 11,014 | 6.0% | 58,009 |
| 2017 | 117,400 | 2,548,754,000 | 21,710 | 32.00 | 10,873 | 6.5% | 59,321 |
| 2018 | 116,986 | 2,666,695,870 | 22,795 | 32.30 | 10,641 | 5.8% | 59,537 |
| 2019 | 117,388 | 2,629,725,976 | 22,402 | 32.70 | 10,462 | 5.0% | 59,251 |
| 2020 | 118,210 | 2,536,936,212 | 22,196 | 31.90 | 10,661 | 16.0% | 63,541 |
| 2021 | 112,664 | 2,616,734,064 | 23,226 | 35.50 | 10,031 | 5.5% | 59,058 |
| 2022 | 112,684 | 2,674,442,056 | 23,734 | 34.50 | 10,173 | 4.7% | 57,447 |

(1) Source: U.S. Census Bureau

(2) Source: Lansing School District

(3) Source: Michigan Bureau of Labor Market Information and Strategic Initiatives

Table 15

**CITY OF LANSING
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS PRIOR
(UNAUDITED)**

| Company | 2022 | | | 2013 | | |
|---|---------------|------|---------------------------------|---------------|------|---------------------------------|
| | Employees (1) | Rank | Percentage of Employment (2) | Employees (1) | Rank | Percentage of Employment (2) |
| STATE OF MICHIGAN | 13,880 | 1 | 5.68% | 13,700 | 1 | 6.23% |
| MICHIGAN STATE UNIVERSITY | 10,253 | 2 | 4.20% | 10,725 | 2 | 4.88% |
| SPARROW HEALTH SYSTEM | 9,000 | 3 | 3.68% | 5,735 | 3 | 2.61% |
| GENERAL MOTORS | 4,274 | 4 | 1.75% | 5,522 | 4 | 2.51% |
| MCLAREN HEALTH ⁽³⁾ | 3,000 | 5 | 1.23% | 2,400 | 7 | 1.09% |
| AUTO OWNERS INSURANCE GROUP | 2,720 | 6 | 1.11% | | | |
| JACKSON NATIONAL LIFE INS CO | 2,439 | 7 | 1.00% | | | |
| PECKHAM | 2,200 | 8 | 0.90% | | | |
| DART CONTAINER CORP | 2,000 | 9 | 0.82% | | | |
| LANSING COMMUNITY COLLEGE | 1,957 | 10 | 0.80% | 2,990 | 6 | 1.36% |
| LIBERTY NATIONAL LIFE INSURANCE | | | | 5,000 | 5 | 2.28% |
| MEIJER | | | | 1,880 | 8 | 0.86% |
| LANSING SCHOOL DISTRICT | | | | 1,613 | 9 | 0.73% |
| SOUTHERN-OWNERS INSURANCE | | | | 1,500 | 10 | 0.68% |
| Greater Lansing metropolitan area employment | | | 244,326 | | | 219,761 |

(1) Data is representative of the Greater Lansing Region

(2) Source: [www.purelansing.com/Workforce & Data>Top Employers for 2021 data](http://www.purelansing.com/Workforce%20&%20Data%20>Top%20Employers%20for%202021%20data)

(3) Formerly Ingham Regional Medical Center

CITY OF LANSING
FULL-TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 16

| Function/Program | Full-time Equivalent Employees | | | | | | | | | |
|---|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General government | | | | | | | | | | |
| City council | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Mayor's office | 5 | 5 | 5 | 6 | 6 | 7 (G) | 7 | 11 | 12 | 12 |
| City clerk | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 |
| 54-A district court | 43 | 43 | 46 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| City attorney's office | 10 | 10 | 11 | 11 | 11 | 11 | 12 | 11 | 12 | 13 |
| City TV | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 2 |
| Internal auditor | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Human resources | 9 | 10 | 10 | 12 | 12 | 11 | 11 | 11 | 11 | 11 |
| Information technology | 10 | 11 | 11 | 11 | 11 | 16 | 16 | 15 | 15 | 14 |
| Finance | | | | | | | | | | |
| Accounting/budget/purchasing | 10 | 10 | 9 | 8 (E) | 8 | 8 | 8 | 7 | 8 | 14 |
| Treasury/income tax | 20 | 9 | 9 | 10 | 11 | 11 | 13 | 16 | 14 | 12 |
| Assessing | | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Property management | - (B) | - | - | - | - | - | - | - | - | - |
| Fleet management | - (B) | - | - | - | - | - | - | - | - | - |
| | 125 | 127 | 130 | 132 | 133 | 138 | - | 142 | 147 | 151 |
| Planning & neighborhood development | | | | | | | | | | |
| Administration | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Code compliance | 15 | - (D) | - | - | - | 14 (F) | 15 | 19 | 19 | 19 |
| Building safety | 12 | 13 | 13 | 13 | 13 | 13 | 13 | 15 | 14 | 14 |
| Planning | 4 | 4 | 4 | 4 | 4 | 3 (G) | 4 | 4 | 3 | 3 |
| Development | 9 | 11 | 10 | 10 | 9 | 9 | 9 | 7 | 8 | 8 |
| Parking & transportation | (C) 20 | 15 | 14 | 14 | 14 | 14 | 14 | 19 | 19 | 19 |
| | 62 | 45 | 43 | 43 | 42 | 55 | 57 | 67 | 66 | 66 |
| Neighborhood & Citizen Engagement | - | - | - | - | - | 1 (G) | 5 | 5 | 5 | 5 |
| Police | 229 (C) | 234 (D) | 239 | 239 | 240 | 241 | 243 | 239 | 240 | 251 |
| Fire | 180 | 188 | 181 | 181 | 181 | 181 | 182 | 186 | 183 | 184 |
| Code Compliance | - | 14 (D) | 14 | 14 | 14 | - (F) | - | - | - | - |
| | 180 | 202 | 195 | 195 | 195 | 181 | 182 | 186 | 183 | 184 |
| Public services | | | | | | | | | | |
| Administration & engineering | 19 | 19 | 19 | 20 | 20 | 20 | 21 | 22 | 23 | 23 |
| Operations & maintenance | (C) 120 | 117 (D) | 117 | 117 | 117 | 118 | 118 | 113 | 116 | 116 |
| Service garage | - | - | - | - | - | - | - | 1 | 1 | 1 |
| Wastewater | 41 | 41 | 41 | 41 | 41 | 42 | 42 | 42 | 42 | 42 |
| Property Management | 18 (B) | 18 | 18 | 18 | 16 | 16 | 16 | 19 | 18 | 18 |
| Fleet Management | 27 (B) | 27 | 27 | 26 | 30 | 30 | 30 | 29 | 29 | 29 |
| | 225 | 222 | - | 222 | 224 | 226 | 227 | 226 | 229 | 229 |
| Human relations & community services | 5 | 6 | 7 | 7 | 8 | 9 | 10 | 11 | 10 | 10 |
| Parks & recreation | | | | | | | | | | |
| Administration & design | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Leisure & special recreation | 8 | 6 | 6 | 6 | 6 | 6 | 6 | 10 | 6 | 6 |
| Cemeteries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Golf/ice arena | 3 | 3 | 3 | 3 | 3 | 3 | - | - | - | - |
| | 17 | 16 | 16 | 16 | 16 | 16 | 13 | 17 | 13 | 13 |
| Total | 843 | 852 | 852 | 854 | 858 | 867 | 879 | 898 | 893 | 909 |

Source: The City of Lansing

The following restructuring of departments have occurred:

(B) Fleet and Property Management were moved from the Finance Department to the Public Service Department.

(C) On June 27, 2012, 911 Dispatch employees were transferred from the City to Ingham County.

(D) Code Compliance (14 positions) were transferred from ED&P to Fire; four (4) positions to Police, and one (1) position to Public Service for FY 2014.

(E) Purchasing operations were transferred to the Lansing Board of Water and Light for FY 2016.

(F) Code Compliance was transferred from Fire to ED&P.

(G) One (1) position was transferred from Human Resources to Mayor's Office and one (1) position was transferred from ED&P to N&CE in FY 2018.

CITY OF LANSING
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 17

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Public safety | | | | | | | | | | |
| Fire department responses | 18,444 | 19,427 | 20,170 | 21,115 | 21,902 | 22,768 | 22,389 | 21,904 | 21,650 | 25,994 |
| EMS related | 15,918 | 16,235 | 17,376 | 18,275 | 18,827 | 19,264 | 19,655 | 18,975 | 18,381 | 21,511 |
| Fire related | 2,526 | 3,012 | 2,794 | 2,840 | 3,075 | 3,063 | 2,734 | 2,929 | 3,269 | 4,483 |
| Police department responses | 73,087 | 76,855 | 79,331 | 71,468 | 82,722 | 107,379 | 84,869 | 80,449 | 77,399 | 78,500 |
| Arrests | 7,196 | 5,656 | 4,510 | 3,880 | 5,710 | 4,507 | 4,418 | 3,524 | 2,446 | 2,601 |
| Traffic violations | 14,905 | 7,756 | 10,781 | 7,334 | 9,385 | 6,496 | 6,963 | 5,054 | 4,287 | 6,801 |
| Public works | | | | | | | | | | |
| Potholes filled | 33,155 | 55,193 | 53,281 | 53,488 | 53,332 | 54,773 | 2,589 | 1,042 | 698 | 4,997 |
| Streets resurfaced (miles) | 6.0 | 4.6 | 4.0 | 8.8 | 8.7 | 6.0 | 4.6 | 11.0 | 13.6 | 1.9 |
| Recreation | | | | | | | | | | |
| Recreation participation | 55,122 | 50,859 | 122,639 | 101,335 | 98,978 | 120,245 | 93,264 | 29,313 | 58,284 | 109,582 |
| Pavilion rentals | 199 | 185 | 206 | 242 | 180 | 202 | 222 | 78 | 140 | 142 |
| Sewage disposal | | | | | | | | | | |
| Average amount processed daily (gal) | 14.75 million | 14.49 million | 13.28 million | 15.46 million | 16.32 million | 14.45 million | 16.60 million | 14.18 million | 10.61 million | 12.1 million |
| Parking system | | | | | | | | | | |
| Average number of monthly permits | 2,718 | 2,891 | 3,077 | 3,218 | 2,581 | 3,310 | 2,500 | 869 | 1,203 | 1,200 |
| Parking tickets issued | 38,127 | 34,373 | 30,888 | 32,990 | 33,492 | 32,587 | 37,105 | 16,481 | 19,876 | 30,306 |
| Cemetery | | | | | | | | | | |
| Lots sold | 113 | 93 | 138 | 115 | 162 | 88 | 103 | 121 | 119 | 85 |
| Golf | | | | | | | | | | |
| Annual rounds played | 25,554 | 22,786 | 22,998 | 13,325 | 14,508 | 20,492 | - | - | - | - |
| Garbage and rubbish | | | | | | | | | | |
| Yards sent to landfill | 17,985 | 18,829 | 19,667 | 20,115 | 20,007 | 20,492 | 20,957 | 22,825 | 27,865 | 26,885 |
| Recycling | | | | | | | | | | |
| Recycled goods sold (tons) | 3,562 | 5,075 | 5,691 | 5,940 | 5,834 | 5,593 | 5,407 | 5,322 | 6,258 | 6,310 |
| Yards composted | 21,832 | 25,260 | 21,685 | 24,413 | 24,223 | 20,031 | 21,198 | 14,262 | 19,888 | 13,864 |

Source: The City of Lansing, Michigan

CITY OF LANSING
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 18

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public safety | | | | | | | | | | |
| Police stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Police patrol units | 60 | 61 | 60 | 60 | 60 | 60 | 58 | 58 | 60 | 57 |
| Fire stations | 6 | 6 | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 8 |
| Emergency Vehicles | 0 | 0 | 0 | 0 | 0 | 0 | 55 | 27 | 31 | 44 |
| Public works | | | | | | | | | | |
| Streets (miles) | 411.00 | 411.00 | 414.00 | 414.00 | 414.00 | 414.00 | 413.00 | 413.23 | 413.23 | 412.00 |
| Traffic signals | 200 | 200 | 200 | 200 | 200 | 200 | 184 | 206 | 206 | 206 |
| Recreation | | | | | | | | | | |
| Park acreage | 2,364.85 | 2,364.85 | 2,363.45 | 2,134.26 | 2,134.26 | 2,017.56 | 2,174 | 1,659 | 1,659 | 1,641 |
| Playgrounds | 75 | 72 | 72 | 74 | 74 | 74 | 76 | 77 | 76 | 76 |
| Baseball/softball fields | 61 | 61 | 47 | 25 | 25 | 25 | 22 | 22 | 22 | 22 |
| Soccer/football fields | 6 | 6 | 6 | 14 | 15 | 15 | 15 | 16 | 16 | 16 |
| Community centers | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Sewage disposal | | | | | | | | | | |
| Sanitary sewers (miles) | 359 | 359 | 361 | 361 | 361 | 363 | 364 | 365 | 365 | 367 |
| Storm sewers (miles) | 234 | 234 | 235 | 235 | 235 | 237 | 238 | 239 | 239 | 241 |
| Combined sewers (miles) | 188 | 188 | 188 | 188 | 188 | 187 | 185 | 185 | 184 | 183 |
| Parking system | | | | | | | | | | |
| Ramps | 4 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 |
| Lots | 18 | 17 | 17 | 16 | 16 | 16 | 16 | 16 | 17 | 14 |
| Meters | 2,452 | 2,452 | 2,166 | 2,166 | 2,166 | 2,166 | 2166 | 500 | 200 | 200 |
| On-street Pay Stations | | | | | | | | 134 | 128 | 128 |
| Cemetery | | | | | | | | | | |
| Number of cemeteries | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Golf | | | | | | | | | | |
| Number of courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Acreage | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 |
| Garbage and rubbish | | | | | | | | | | |
| Refuse collection trucks | 17 | 17 | 17 | 14 | 14 | 16 | 8 | 7 | 7 | 7 |
| Recycling | | | | | | | | | | |
| Recycling trucks | 7 | 7 | 7 | 5 | 5 | 7 | 8 | 8 | 8 | 8 |
| Compost trucks | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 7 | 7 | 7 |

Sources: The City of Lansing, Michigan