

CITY OF LANSING, MICHIGAN
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021



Andy Schor, Mayor

Prepared by:
Department of Finance

Interim Finance Director
Jake Brower

Controller
Jeffery D. Scharnowske

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	1
Elected and Appointed Officers.....	2
Letter of Transmittal.....	3-7
Certificate of Achievement for Excellence in Financial Reporting.....	9
Table of Organization	10
FINANCIAL SECTION	11
INDEPENDENT AUDITOR'S REPORT.....	13-15
MANAGEMENT'S DISCUSSION AND ANALYSIS	17-27
BASIC FINANCIAL STATEMENTS.....	29
Government-wide Financial Statements	
Statement of Net Position.....	32-33
Statement of Activities.....	34
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	38
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	39
Statement of Revenues, Expenditures, and Changes in Fund Balances	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	41
Proprietary Funds	
Statement of Net Position	44
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	45
Statement of Cash Flows.....	46-47
Fiduciary Funds	
Statement of Fiduciary Net Position.....	50
Statement of Changes in Fiduciary Net Position	51
Discretely Presented Component Unit Financial Statements	
Combining Statement of Net Position.....	56
Combining Statement of Activities.....	57
Notes to Financial Statements	59-122
REQUIRED SUPPLEMENTARY INFORMATION.....	123
General Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	124-125
State and Federal Grants Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	126

TABLE OF CONTENTS

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION (concluded)	
Employees' Retirement System Defined Benefit Pension Plan	
Schedule of Changes in Net Pension Liability and Related Ratios	127
Schedule of Contributions	128
Schedule of Investment Returns.....	129
Police and Fire Retirement System Defined Benefit Pension Plan	
Schedule of Changes in Net Pension Liability and Related Ratios	130
Schedule of Contributions	131
Schedule of Investment Returns.....	132
Employees' Retirement System OPEB Plan	
Schedule of Changes in Net OPEB Liability and Related Ratios	133
Schedule of Contributions	134
Schedule of Investment Returns.....	135
Police and Fire Retirement System OPEB Plan	
Schedule of Changes in Net OPEB Liability and Related Ratios	136
Schedule of Contributions	137
Schedule of Investment Returns.....	138
Note to Required Supplementary Information	139
OTHER SUPPLEMENTARY INFORMATION	141
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds.....	144
Combining Statement of Revenues, Expenditures, and Changes in Fund	
Balance - Nonmajor Governmental Funds.....	145
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	148-149
Combining Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Nonmajor Special Revenue Funds.....	150-151
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	152-161
Balance Sheet - Nonmajor Debt Service Fund	164
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Nonmajor Debt Service Fund	165
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	168
Combining Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Nonmajor Capital Projects Funds.....	169
Combining Balance Sheet - Nonmajor Permanent Funds	172
Combining Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Nonmajor Permanent Funds	173
Nonmajor Enterprise Funds	
Combining Statement of Net Position.....	176
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	177
Combining Statement of Cash Flows.....	178

TABLE OF CONTENTS

Page

OTHER SUPPLEMENTARY INFORMATION (concluded)

Combining and Individual Fund Financial Statements and Schedules (concluded)

Internal Service Funds

Combining Statement of Net Position.....180

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....181

Combining Statement of Cash Flows.....182

Pension and Other Postemployment Benefit Trust Funds

Combining Statement of Fiduciary Net Position.....184

Combining Statement of Changes in Fiduciary Net Position.....185

Custodial Funds

Combining Statement of Fiduciary Net Position.....187

Combining Statement of Changes in Fiduciary Net Position.....188

STATISTICAL SECTION (UNAUDITED)189

Table

1	Net Position by Component.....	193
2	Changes in Net Position	194-195
3	Fund Balance, Governmental Funds.....	196
4	Changes in Fund Balances of Governmental Funds.....	197
5	Assessed Value and Estimated Actual Value of Taxable Property.....	198
6	Direct and Overlapping Property Tax Rates	199
7	Principal Property Taxpayers	200
8	Property Tax Levies and Collections	201
9	Ratios of Outstanding Debt by Type	202
10	Ratios of General Bonded Debt Outstanding	203
11	Direct and Overlapping Governmental Activities Debt.....	204
12	Legal Debt Margin Information	205
13	Pledged-Revenue Coverage.....	206
14	Demographic and Economic Statistics	207
15	Principal Employers	208
16	Full-Time Equivalent City Governmental Employees by Function/Program.....	209
17	Operating Indicators by Function/Program	210
18	Capital Assets Statistics by Function/Program	211

INTRODUCTORY SECTION

CITY OF LANSING, MICHIGAN

LANSING CITY GOVERNMENT

Fiscal Year Ended June 30, 2021

MAYOR

Andy Schor

CITY COUNCIL

Peter Spadafore, Council President, At Large
Adam Hussain, Council Vice President, 3rd Ward
Carol Wood, At Large
Kathie Dunbar, At Large
Patricia Spitzley, At Large
Brandon Betz, 1st Ward
Jeremy Garza, 2nd Ward
Brian T. Jackson, 4th Ward

CLERK

Chris Swope

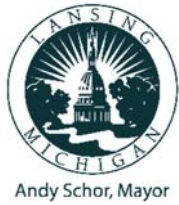
DISTRICT COURT JUDGES

Louise Alderson, Chief Judge
Stacia Buchanan
Kristen D. Simmons
Cynthia M. Ward

OFFICERS

Chief Information Officer.....
Chief Strategy Officer.....
City Assessor.....
City Attorney.....
City Treasurer.....
Court Administrator.....
Deputy Mayor.....
Executive Assistant.....
Economic Development & Planning Director.....
Interim Finance Director.....
Fire Chief.....
Human Relations & Community Service Director.....
Human Resources Director.....
Internal Auditor.....
Neighborhoods & Citizen Engagement.....
Parks & Recreation Director.....
Interim Police Chief.....
Public Service Director.....

Christopher Mumby
Judy Kehler
Sharon Frischman
James Smiertka
Desiree Kirkland
Anethia Brewer
Nicholas Tate
Mark Lawrence
Brian McGrain
Jake Brower
Greg Martin
Kimberly Coleman
Linda Sanchez-Gazella
Eric Brewer
DeLisa Fountain
Brett Kaschinske
Ellery Sosebee
Andrew Kilpatrick



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

December 17, 2021

Council President Peter Spadafore and Council Members
10th Floor City Hall
Lansing, Michigan 48933-1694

Dear President Spadafore 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, 2021.

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. The City received the Certificate of Achievement for Excellence in Financial Reporting for the Annual Comprehensive Financial Report for the year ended June 30, 2020. 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 2020/2021 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, 2021, 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, 2021 the City operated a police headquarters and precinct with 206 sworn police officers, eight fire stations with a fire protection force of 159, 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, Saginaw Street Corridor Improvement Authority, Michigan Avenue Corridor Improvement Authority, and the Brownfield Redevelopment 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, 2021 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 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:

- Last year in 2020, the City of Lansing had more than \$1 billion of construction projects underway, including the development of more than 1,500 apartment units and over 300 new hotel rooms.
- In 2021 the Mayor announced \$175,000 in funding for a Façade Improvement Program in the Fiscal Year 2021/2022 City of Lansing budget to assist businesses and property owners with matching grants to improve storefronts throughout Lansing's commercial corridors.
- In 2021, the \$52 million Volaris Lansing Apartment project at 3600 Dunckel Road made 286 market rate multifamily units available for leasing. The apartment complex will serve MSU students and medical professionals working at the \$600 million McLaren Hospital campus currently underway.
- Metro Place Apartments opened in 2020. The brand-new development includes 145 apartment units and nearly 7,000 of commercial space bringing over \$25 million in investment to Lansing's mid-downtown area.
- Capital View Apartments opened in 2020. This \$14.7 million redevelopment of a long-vacant 8-story building in downtown Lansing includes 96 apartments and 1,300 square feet of retail space.
- During late 2020 and early 2021, the \$41.5 million Block 600/Capital City Market project was completed in downtown Lansing. This mixed-use project includes a new Meijer grocery store, apartment units and a hotel with a bar and restaurant.
- 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.
- Construction on the Temple Lofts project commenced in late 2020. This \$10.5 million redevelopment of one of Old Town's most storied buildings includes the construction of 31 market-rate apartments, 3,000 square feet of first-floor office space, and nearly 1,000 square feet of first-floor commercial space, is expected to be completed in Spring 2022.

- The 500 Block redevelopment project got underway in 2021 kicking off a \$32 million development project in downtown Lansing includes the creation of 172 multifamily apartment units that is scheduled for completion in 2022.
- Construction of Sparrow Health System's new \$30 million 100,000 square foot outpatient surgical center along Michigan Avenue started in 2021. This follows the recent \$64 million investment by Sparrow in the Herbert-Herman Cancer Center along Michigan Avenue.
- Construction of McLaren Greater Lansing's new state of the art \$600 million healthcare campus at Forest and Collins Rd. in Lansing is nearing completion and is scheduled to welcome patients in March 2022.

In its commitment to regional partnerships, the City has contracted with the Lansing Economic Area Partnership (LEAP) since 2012. This arrangement allows for a regional based approach to economic development. As a result of the pandemic, LEAP is coordinating business relief resources and small business restart and relief funds, which were allocated to the Lansing region by Michigan Economic Development Corporation.

Covid-19 Small Business Assistance

In March 2020, the City was faced with adapting, responding, and meeting the challenging budgetary and economic needs of the COVID-19 pandemic. One of their local partners, The Lansing Regional Chamber of Commerce, developed the RELAUNCH Great Lansing Economic Rehabilitation Task Force, to create a strategy for restarting business operations in the Lansing area. The task force consists of business partners, community members, customers, and employees of local businesses. The intent of the task force is to restore and return to a thriving, robust regional economy while taking necessary safety precautions.

When the COVID-19 pandemic hit, it became very clear that small businesses in Lansing were being impacted dramatically by the economic shutdown and shelter at home measures. The City of Lansing and the Lansing Economic Development Corporation (LEDC) quickly assessed the situation and used National Development Council guidelines to establish the Lansing Small Business Recovery Program.

The LEDC authorized the creation of the COVID-19 Rescue Fund, which allocated \$400,000 of LEDC funds to 46 small businesses located within the City of Lansing. Between the regional and local programs, 72 City of Lansing businesses were awarded \$820,000 in grants or low interest loans within the first 60 day of the crisis.

The LEDC conducted outreach and provided application assistance to help City of Lansing applicants become aware of the LEAP Restart program and submit the strongest applications possible. As a result of the program, \$1,685,000 in grant funds was awarded to 140 City of Lansing small businesses and nonprofits.

An Economic Recovery Resource Developer (ERRD) program partnership between the City and the LEDC was established to develop a response plan to collaborate with community partners and matching organizations with funding opportunities. The ERRD will also address funding equity and support of organizations representing and assisting disadvantaged businesses throughout the City.

Commercial Corridor Improvement

The LEDC also had a very successful year managing and creating Corridor Improvement Authorities (CIA) in Lansing. These authorities can use special financing tools to revitalize commercial corridors along key major streets in Lansing. Development and Finance Plans are in place for both the Saginaw Street and Michigan Avenue Corridor Improvement Authorities. Additionally, CIAs are created for both the South Martin Luther King Jr. Blvd and North Grand River Avenue, paving the way for the funding of public improvements along their respective commercial corridors.

COVID Emergency Rental Assistance (CERA)

Pursuant to Federal appropriations, the Michigan State Housing Development Authority (MSHDA) awarded \$46 million to the City of Lansing and its Human Relations and Community Services Department (HRCS), as representative for Ingham County Continuum of Care Program, to make funding available to assist households that are unable to pay rent or utilities. The City partnered with three local service agencies (Advent House Ministries, Inc., Capital Area Housing Partnership, and Holy Cross Services, Inc.) to provide case management and direct financial assistance.

CERA serves renter households that have incomes less than 80% of Area Median Income (AMI) who meet the following conditions:

- Individual(s) in the household has qualified for unemployment benefits or has experienced a reduction in household income, incurred significant costs, or has experienced other financial hardship due directly or indirectly to the coronavirus outbreak; and
- Individual(s) in the household can demonstrate a risk of experiencing homelessness or housing instability by being past due on utilities or rent.

To disburse funds in a timely manner without reliance from MSHDA, the City of Lansing issued a Grant Anticipation Notice (GAN). This GAN has provided a much more efficient and quicker source of funding for the CERA program, allowing the City to distribute an average of \$1 million a week to the local service agencies. Overall, this program has assisted more than 4,000 households across Ingham County. The City of Lansing has further utilized the grant so effectively that City officials and HRCS staff have counselled larger municipal communities in Michigan on how to deploy these funds.

HRCS has been able to provide the local service agencies the necessary funding towards CERA using GAN funds. Reimbursement of the GAN comes from grant funding, resulting in no funds from the City being used. The CERA Program is 100% funded by Federal dollars.

Acknowledgements

Preparation of this comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department as well as support by other departments. All those who contributed to this document, especially Controller Jeff Scharnowske, have our sincere appreciation for their contributions made in the preparation of this report and in the financial management of the City.

Cordially,

A handwritten signature in blue ink that reads "Jake Brower". The signature is fluid and cursive, with the first name "Jake" and last name "Brower" clearly legible.

Jake Brower, Interim Finance Director

This page intentionally left blank.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lansing
Michigan**

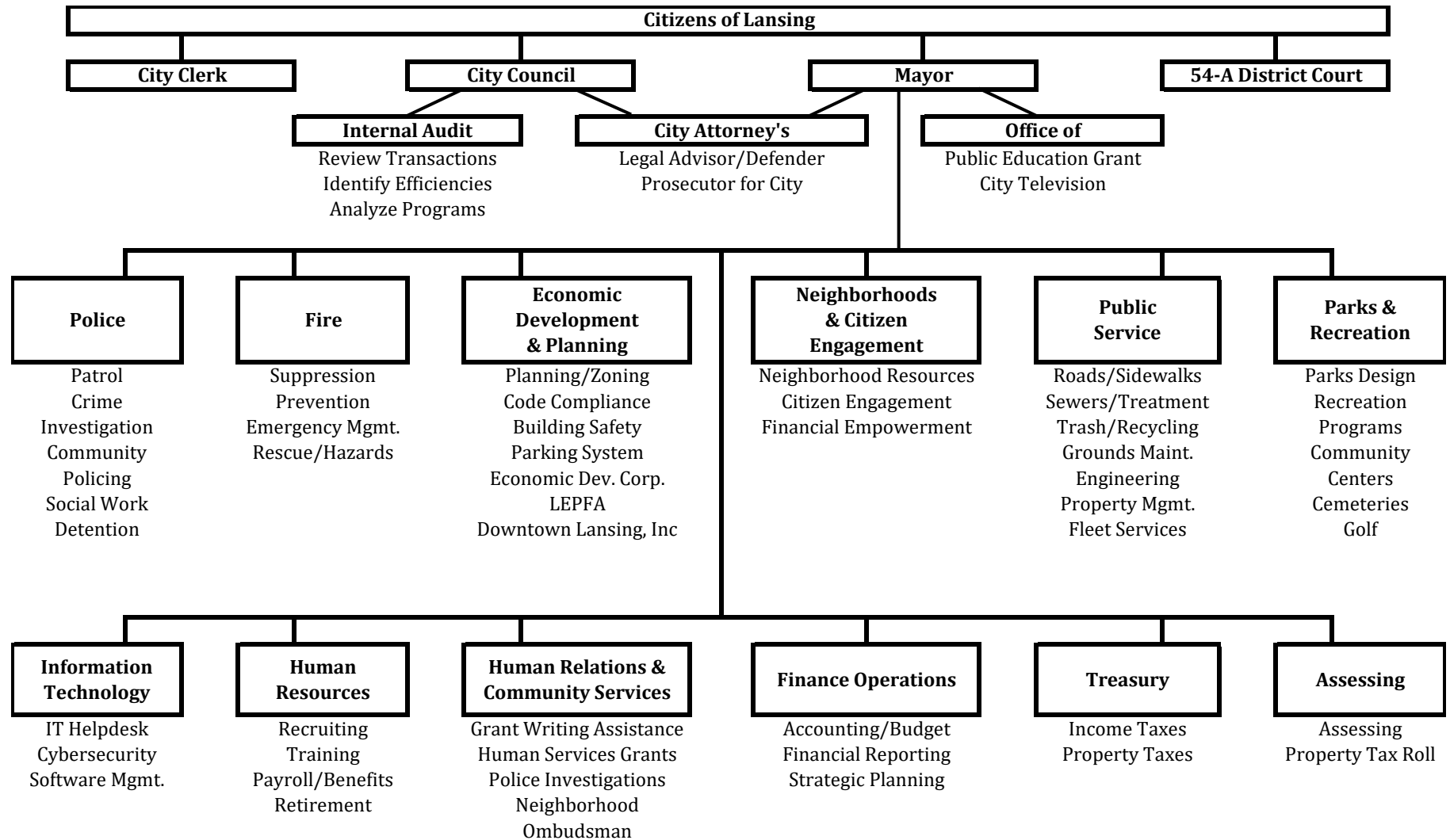
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Table of Organization



FINANCIAL SECTION

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, 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, Michigan, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 20 to the financial statements, the City implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, in the current year. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.

Other 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 introductory section, combining and individual nonmajor fund financial statements, nonmajor special revenue fund budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and nonmajor special revenue fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021, 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.

Manes Costeiran PC

December 17, 2021

This page intentionally left blank.

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, 2021 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	\$ (184,376,933)
Change in total net position	102,470,507
Fund balances, governmental funds	56,837,703
Change in fund balances, governmental funds	14,440,871
Unassigned fund balance, general fund	21,229,263
Change in fund balance, general fund	19,651,743
Long-term obligations outstanding	188,477,779
Change in long-term debt	19,050,156

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, 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	
	2020	2021	2020	2021	2020	2021
Current and other assets	\$ 77,214,265	\$ 131,028,770	\$ 90,715,087	\$ 87,638,273	\$ 167,929,352	\$ 218,667,043
Capital assets, net	173,018,086	198,918,343	333,064,355	343,948,727	506,082,441	542,867,070
Total assets	250,232,351	329,947,113	423,779,442	431,587,000	674,011,793	761,534,113
Deferred outflows of resources	150,024,374	97,877,469	13,834,495	8,447,468	163,858,869	106,324,937
Current liabilities	27,499,946	47,972,442	19,727,392	22,021,840	47,227,338	69,994,282
Noncurrent liabilities	864,898,715	524,484,592	191,628,749	157,674,615	1,056,527,464	682,159,207
Total liabilities	892,398,661	572,457,034	211,356,141	179,696,455	1,103,754,802	752,153,489
Deferred inflows of resources	17,867,087	281,037,994	3,096,213	19,044,500	20,963,300	300,082,494
Net position						
Investment in capital assets	143,583,186	153,733,211	234,126,397	219,824,056	377,709,583	373,557,267
Restricted	20,495,617	24,518,910	2,432,963	2,437,390	22,928,580	26,956,300
Unrestricted	(674,087,826)	(603,922,567)	(13,397,777)	19,032,067	(687,485,603)	(584,890,500)
Total net position	\$ (510,009,023)	\$ (425,670,446)	\$ 223,161,583	\$ 241,293,513	\$ (286,847,440)	\$ (184,376,933)

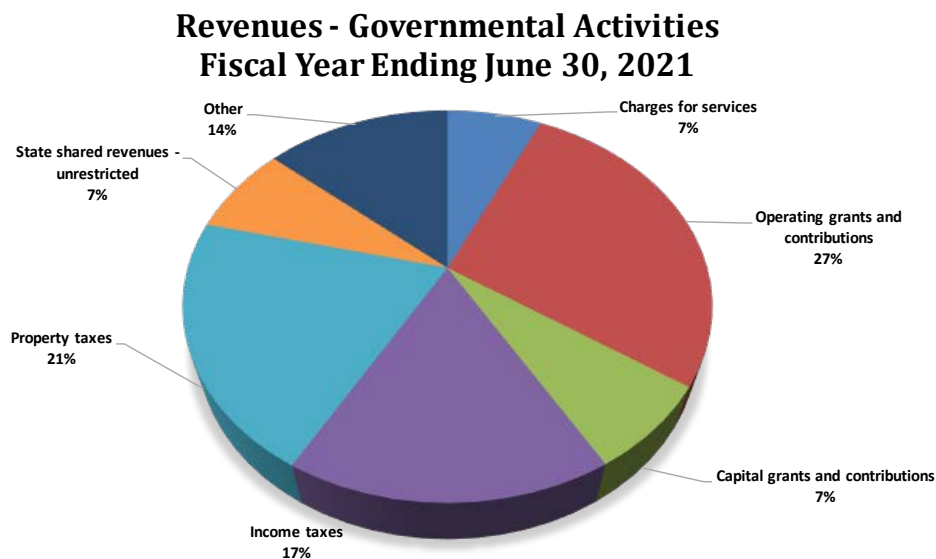
The largest component of the City's net position reflects its net investment in capital assets (e.g., land, buildings, equipment, infrastructure, and others). Restricted net position is the next largest component, which represents amounts subject to external restrictions such as bond covenants, State 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	
	2020	2021	2020	2021	2020	2021
Revenue						
Program revenue						
Charges for services	\$ 13,962,385	\$ 15,460,235	\$ 48,240,725	\$ 49,041,671	\$ 62,203,110	\$ 64,501,906
Operating grants and contributions	28,534,469	61,065,241	2,000,000	-	30,534,469	61,065,241
Capital grants and contributions	285,075	15,693,491	-	-	285,075	15,693,491
General revenue						
Taxes	79,114,435	82,695,459	-	-	79,114,435	82,695,459
State shared revenues - unrestricted	14,386,936	16,612,094	-	-	14,386,936	16,612,094
Other	28,440,635	30,256,354	4,182,483	1,189,678	32,623,118	31,446,032
Total revenue	164,723,935	221,782,874	54,423,208	50,231,349	219,147,143	272,014,223
Expenses						
General government	30,400,643	11,196,979	-	-	30,400,643	11,196,979
Public safety	121,102,641	57,170,988	-	-	121,102,641	57,170,988
Public works	35,288,254	32,334,504	-	-	35,288,254	32,334,504
Recreation and culture	11,238,934	4,125,852	-	-	11,238,934	4,125,852
Community development	20,731,730	34,764,843	-	-	20,731,730	34,764,843
Interest on long-term debt	733,925	1,072,610	-	-	733,925	1,072,610
Sewage disposal system	-	-	32,605,664	20,828,495	32,605,664	20,828,495
Municipal parking system	-	-	12,716,606	3,183,095	12,716,606	3,183,095
Cemetery	-	-	1,652,255	300,009	1,652,255	300,009
Golf	-	-	229,467	198,889	229,467	198,889
Garbage and rubbish collection	-	-	2,431,066	1,753,713	2,431,066	1,753,713
Recycling	-	-	5,576,963	2,613,739	5,576,963	2,613,739
Total expenses	219,496,127	140,665,776	55,212,021	28,877,940	274,708,148	169,543,716
Change in net position before transfers	(54,772,192)	81,117,098	(788,813)	21,353,409	(55,561,005)	102,470,507
Transfers (out) in	4,691,895	3,221,479	(4,691,895)	(3,221,479)	-	-
Change in net position	(50,080,297)	84,338,577	(5,480,708)	18,131,930	(55,561,005)	102,470,507
Net position - beginning of year	(459,928,726)	(510,009,023)	228,642,291	223,161,583	(231,286,435)	(286,847,440)
Net position - end of year	<u>\$ (510,009,023)</u>	<u>\$ (425,670,446)</u>	<u>\$ 223,161,583</u>	<u>\$ 241,293,513</u>	<u>\$ (286,847,440)</u>	<u>\$ (184,376,933)</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 \$57.1 million from FY 2020 to FY 2021, with trends of the major revenue categories as follows:

Restricted operating and capital grants and contributions comprised the largest portion of governmental revenues of \$76.8 million, or 34.6% of governmental activity revenue for fiscal year 2021, a \$48.0 million, or 166% increase from fiscal year 2010. 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 efforts.

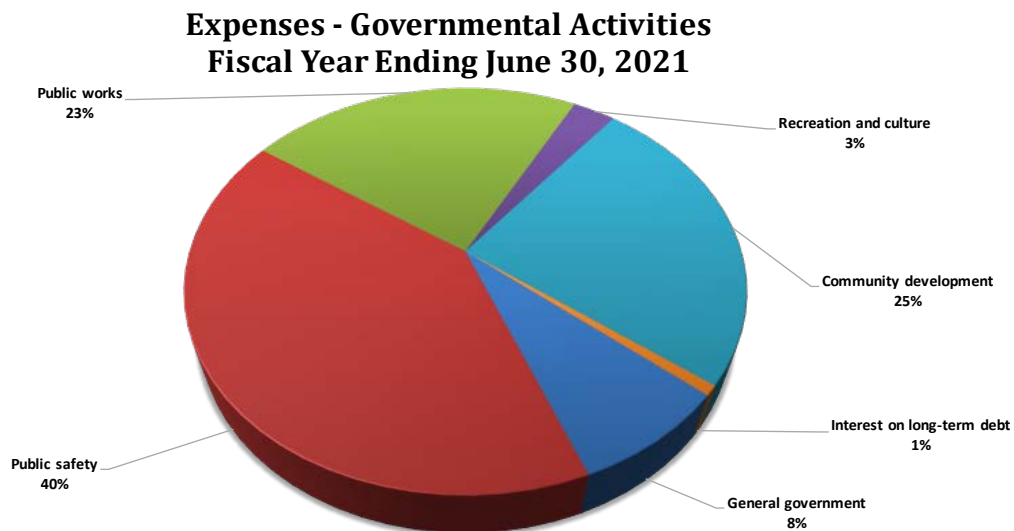
Property taxes revenue was 20.6% of governmental revenues, or \$45.7 million, which is an increase of \$4.0 million, or 9.6% increase from 2020.

Income taxes comprised 16.7%, or \$37.0 million, of governmental activity revenue, the full amount of which is revenue to the General Fund. This represents a \$434,000, or 1.2%, decrease from fiscal year 2020. 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 21.0%, or \$46.5 million, of revenues, a \$4.5 million, or 10.6% increase from fiscal year 2020. More than half of this category, \$16.6 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 \$1.5 million from FY 2020 to FY 2021.

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 decreased \$78.8 million, 36.0%, from FY 2020 to FY 2021, with trends of the major expense categories as follows:

The largest component of governmental activities was public safety, accounting for 40%, or \$57.2 million, a 63.2% (\$19.2 million) decrease from FY 2020, largely resulting from administrative changes of other postemployment benefits and the resulting impact to long-term liabilities.

Community development represented 24.7%, or \$34.8 million, of total governmental activities expenses. This category increased \$14.0 million, or 67.7% from FY 2020 due to increased grant programs as part of federal recovery efforts.

Public works comprises the third largest component of governmental activity expenses, at 23.0%, or \$32.3 million, an 8.0% (\$3.0 million) decrease from FY 2020, due to significant decreases in net pension and other postemployment benefit (retiree healthcare) expenses.

Business-type Activities. Net position of the business-type activities increased by \$23.6 million from FY 2020 to \$241.3 million. This increase was largely attributable to administrative changes of other postemployment benefits.

Financial Analysis of the City's Funds

As the City completed the fiscal year, its governmental funds reported combined ending fund balances of \$56.8 million, a \$14.4 million increase from fiscal year 2020. Of the \$56.8 million fiscal year 2021 combined ending fund balance, \$3.9 million is unavailable to spend (i.e., amounts tied up in inventories, prepaids, and endowments), \$21.2 million is legally restricted, and \$10.5 million is committed for designated projects, leaving \$21.2 million unassigned.

The unassigned fund balance for the General Fund was \$21.2 million, an increase of approximately \$11.1 million from FY 2020, which is further described in the General Fund Budgetary Highlights section.

Sewage Disposal System Fund

Net position increased \$18.3 million to \$249.6 million in FY 2021. Unrestricted net position increased \$11.6 million, from \$9.9 million to \$21.5 million maintaining stable operations and revenue through the COVID-19 Pandemic.

Municipal Parking System Fund

Net position decreased \$1.5 million to \$4.0 million. Unrestricted net position increased \$19.6 million, from a deficit \$7.8 million to \$11.9 million. The system continues to experience significantly depressed revenues resulting from effects of the COVID-19 pandemic, particularly remote-work and public health restrictions. The system benefited from bonded capital improvements and City-wide administrative changes of other postemployment benefits and its impact on long-term liabilities.

CITY OF LANSING MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The FY 2021 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 \$131.7 million to \$131.0 million.

General Fund reserves combined with the Budget Stabilization Fund (combined for financial statement purposes) increased \$19,651,743 from FY 2020 to \$29.8 million. Unassigned fund balance increased approximately \$11.3 million, or 114% from fiscal year 2020. The City benefited from savings due to reduced activities, participation in Michigan's Workshare program in which employee hours could be reduced and supplemented with unemployment benefits, and a broader freeze on hiring and discretionary expenditures. The City also benefited from state and federal grants used to pay for public safety expenditures for eligible employees whose services were substantially dedicated to mitigating or responding to the COVID-19 public health emergency, as well as working with the IRS to resolve penalties from the 2019 fiscal year.

The City's local economy is comprised of a diversified mix of businesses and industries including government, health care, manufacturing, insurance, banking, and education. The City has responded to both the public health and economic needs of local businesses and residents, partnering with organizations in the Greater Lansing area to provide grant funding and coordinate resources toward restoring the economy during the COVID-19 pandemic. Property tax values continue to increase within the City; however, the growth rate corresponding to the revenue is limited at the rate of inflation per the state constitution. Income tax revenue remains susceptible among fluctuations in employment levels, personal income, and the impact of COVID-19, however the City's conservative estimates of end-of-year refunds due to remote-work had a much smaller impact than originally anticipated.

Capital Assets. At the end of the fiscal year 2021, the City had invested \$543 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	
	2020	2021	2020	2021	2020	2021
Land	\$ 25,435,297	\$ 25,435,297	\$ 12,369,507	\$ 12,369,507	\$ 37,804,804	\$ 37,804,804
Land improvements	13,175,179	13,872,508	13,650,009	13,570,456	26,825,188	27,442,964
Buildings and improvements	41,090,770	36,667,578	65,920,477	68,564,717	107,011,247	105,232,295
Equipment	6,946,593	7,739,183	2,262,409	2,405,017	9,209,002	10,144,200
Flowage rights	-	20,032,880	-	-	-	20,032,880
Infrastructure	85,580,989	86,057,449	221,498,656	215,398,478	307,079,645	301,455,927
Construction in progress	789,258	9,113,448	17,363,297	31,640,552	18,152,555	40,754,000
Total	<u>\$ 173,018,086</u>	<u>\$ 198,918,343</u>	<u>\$ 333,064,355</u>	<u>\$ 343,948,727</u>	<u>\$ 506,082,441</u>	<u>\$ 542,867,070</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>2020</u>	<u>2021</u>
Governmental activities		
General obligation bonds	\$ 11,792,231	\$ 27,958,180
Deferred amounts		
For issuance discounts	(45,655)	-
For issuance premiums	748,067	663,565
Installment purchase contracts	10,230,073	9,156,735
Loans	7,000,422	7,660,461
Compensated absences	9,208,075	11,032,557
Workers compensation	<u>2,557,317</u>	<u>2,789,472</u>
Total governmental activities	<u>41,490,530</u>	<u>59,260,970</u>
Business-type activities		
General obligation bonds	112,290,745	115,160,822
Deferred amounts		
For issuance discounts	(275,524)	(210,232)
For issuance premiums	2,165,855	2,352,719
Revenue bonds	12,525,000	10,975,000
Installment purchase agreements	352,897	118,343
Compensated absences	<u>878,120</u>	<u>820,157</u>
Total business-type activities	<u>127,937,093</u>	<u>129,216,809</u>
Total outstanding debt	<u><u>\$ 169,427,623</u></u>	<u><u>\$ 188,477,779</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

During the COVID-19 pandemic, unemployment within the City reached an unprecedented 24.8% in April 2020 compared to its previous peak of 17.9% in July 2009. The City has received substantial support from federal stimulus efforts including the Coronavirus Aid, Relief, and Economic Security (CARES) Act, American Rescue Plan Act (ARPA), and is reviewing potential support on infrastructure. These have empowered the City to maintain government services, increase community support, and respond to public health and safety without sacrificing financial health. At the same time future support is not guaranteed, and budget constraints within the State of Michigan may have a particular impact on future revenue sharing payments. Many of the employers in the City continue to have staff work remotely, resulting in reduced business activity downtown impacting income tax and parking revenues.

The 2020/2021 fiscal year resulted in a \$11.3 million increase to General Fund unassigned reserves, bringing unassigned General Fund reserves up to \$21.2 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 and has been successful in achieving significant agreements over the past several years on a wide range of cost-saving measures. The City, in conjunction with the Mayor-appointed Financial Health Team engaged a consultant for studies of its long-term pension and retiree healthcare obligations, and those studies were completed in FY 2018. 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 at (517) 483-4500.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LANSING
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,195,986	\$ 4,406,569	\$ 8,602,555	\$ 5,252,176
Equity in pooled cash and investments	52,172,780	48,285,342	100,458,122	5,245,516
Cash and cash equivalents, restricted	2,990,515	2,437,390	5,427,905	5,000,417
Current portion of receivables, net	31,374,107	8,090,402	39,464,509	597,063
Due from other governmental units	16,285,515	-	16,285,515	4,149,598
Inventories	1,751,785	359,736	2,111,521	59,089
Prepays	2,539,921	136,484	2,676,405	60,623
Total current assets	111,310,609	63,715,923	175,026,532	20,364,482
Noncurrent assets				
Noncurrent portion of receivables, net	19,718,161	23,922,350	43,640,511	130,927
Capital assets not being depreciated	34,548,745	44,010,059	78,558,804	-
Capital assets, net of accumulated depreciation	164,369,598	299,938,668	464,308,266	18,570
Total noncurrent assets	218,636,504	367,871,077	586,507,581	149,497
TOTAL ASSETS	329,947,113	431,587,000	761,534,113	20,513,979
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	253,809	4,271,981	4,525,790	-
Deferred outflows of resources related to pensions	26,677,953	1,505,718	28,183,671	-
Deferred outflows of resources related to OPEB	70,945,707	2,669,769	73,615,476	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	97,877,469	8,447,468	106,324,937	-
LIABILITIES				
Current liabilities				
Accounts payable	23,415,930	4,468,776	27,884,706	3,861,611
Accrued payroll	2,740,919	166,674	2,907,593	-
Deposits payable	-	69,300	69,300	-
Due to other governmental units	5,852,647	-	5,852,647	-
Claims incurred but not reported	1,635,000	-	1,635,000	-
Indemnity bonds	43,867	-	43,867	-
Other accrued liabilities	1,107,722	-	1,107,722	270,869
Accrued interest payable	585,015	2,972,139	3,557,154	188,975
Unearned revenue	6,879,185	324,913	7,204,098	1,326,015
Current portion of compensated absences	819,046	50,741	869,787	-
Current portion of long-term obligations	4,893,111	13,969,297	18,862,408	2,099,137
Total current liabilities	47,972,442	22,021,840	69,994,282	7,746,607

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

CONTINUED

CITY OF LANSING
STATEMENT OF NET POSITION (concluded)
JUNE 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES (concluded)				
Noncurrent liabilities				
Noncurrent portion of compensated absences	\$ 10,213,511	\$ 769,416	\$ 10,982,927	\$ -
Noncurrent portion of long-term obligations	43,335,302	114,427,355	157,762,657	73,760,037
Net pension liability	266,587,906	27,681,566	294,269,472	-
Net other post-employment benefits liability	204,347,873	14,796,278	219,144,151	-
Total noncurrent liabilities	524,484,592	157,674,615	682,159,207	73,760,037
TOTAL LIABILITIES	572,457,034	179,696,455	752,153,489	81,506,644
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	40,435,535	2,665,802	43,101,337	1,236,606
Deferred inflows of resources related to OPEB	240,602,459	16,378,698	256,981,157	-
TOTAL DEFERRED INFLOWS OF RESOURCES	281,037,994	19,044,500	300,082,494	1,236,606
NET POSITION				
Net investment in capital assets	153,733,211	219,824,056	373,557,267	18,570
Restricted				
Public safety	631,658	-	631,658	-
Public works	18,150,535	-	18,150,535	-
Community development	175,379	-	175,379	-
Building department	3,541,014	-	3,541,014	-
Debt service	29,361	2,437,390	2,466,751	-
Revelopment projects	-	-	-	4,920,417
Cooley stadium capital projects	-	-	-	80,000
Endowments (nonexpendable)	1,990,963	-	1,990,963	-
Unrestricted (deficit)	(603,922,567)	19,032,067	(584,890,500)	(67,248,258)
TOTAL NET POSITION	\$ (425,670,446)	\$ 241,293,513	\$ (184,376,933)	\$ (62,229,271)

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

**CITY OF LANSING
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	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	\$ 11,196,979	\$ 10,158,500	\$ 21,865,335	\$ -	\$ 20,826,856	\$ -	\$ 20,826,856	\$ -
Public safety	57,170,988	3,553,105	10,429,403	-	(43,188,480)	-	(43,188,480)	-
Public works	32,334,504	560,343	18,528,356	15,693,491	2,447,686	-	2,447,686	-
Recreation and culture	4,125,852	1,188,287	183,632	-	(2,753,933)	-	(2,753,933)	-
Community and economic development	34,764,843	-	10,058,515	-	(24,706,328)	-	(24,706,328)	-
Interest on long-term debt	1,072,610	-	-	-	(1,072,610)	-	(1,072,610)	-
Total governmental activities	140,665,776	15,460,235	61,065,241	15,693,491	(48,446,809)	-	(48,446,809)	-
Business-type activities								
Sewage disposal system	20,828,495	38,471,972	-	-	-	17,643,477	17,643,477	-
Municipal parking system	3,183,095	2,710,377	-	-	-	(472,718)	(472,718)	-
Cemetery	300,009	558,744	-	-	-	258,735	258,735	-
Golf	198,889	-	-	-	-	(198,889)	(198,889)	-
Garbage and rubbish collection	1,753,713	2,796,524	-	-	-	1,042,811	1,042,811	-
Recycling	2,613,739	4,504,054	-	-	-	1,890,315	1,890,315	-
Total business-type activities	28,877,940	49,041,671	-	-	-	20,163,731	20,163,731	-
Total primary government	<u>\$ 169,543,716</u>	<u>\$ 64,501,906</u>	<u>\$ 61,065,241</u>	<u>\$ 15,693,491</u>	<u>(48,446,809)</u>	<u>20,163,731</u>	<u>(28,283,078)</u>	<u>-</u>
Component units								
Brownfield Redevelopment Authority	\$ 18,757,425	\$ -	\$ 1,355,689	\$ -	-	-	-	(17,401,736)
Tax Increment Finance Authority	5,019,463	-	-	-	-	-	-	(5,019,463)
Saginaw Street Corridor Improvement Authority	-	-	-	-	-	-	-	-
Michigan Avenue Corridor Improvement Authority	-	-	-	-	-	-	-	-
Lansing Entertainment & Public Facilities Authority	3,070,425	1,940,191	1,113,300	-	-	-	-	(16,934)
Total component units	<u>\$ 26,847,313</u>	<u>\$ 1,940,191</u>	<u>\$ 2,468,989</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,438,133)</u>
General revenues								
Property taxes					45,690,419	-	45,690,419	8,665,824
Income taxes					37,005,040	-	37,005,040	-
Unrestricted state shared revenues					16,612,094	-	16,612,094	-
Grants and contributions not restricted to specific programs					29,891,513	-	29,891,513	-
Investment earnings (loss)					187,320	1,189,678	1,376,998	(305,487)
Miscellaneous					177,521	-	177,521	280,055
Transfers					3,221,479	(3,221,479)	-	-
Total general revenues and transfers					132,785,386	(2,031,801)	130,753,585	8,640,392
Change in net position					84,338,577	18,131,930	102,470,507	(13,797,741)
Net position (deficit), beginning of the year					(510,009,023)	223,161,583	(286,847,440)	(48,431,530)
Net position (deficit), end of the year					<u>\$ (425,670,446)</u>	<u>\$ 241,293,513</u>	<u>\$ (184,376,933)</u>	<u>\$ (62,229,271)</u>

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

FUND FINANCIAL STATEMENTS

This page intentionally left blank.

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.

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, 2021**

	General	State and Federal Grants - Special Revenue	Nonmajor Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 3,922,739	\$ -	\$ 273,247	\$ 4,195,986
Cash and cash equivalents - restricted	2,990,515	-	-	2,990,515
Equity in pooled cash and investments	8,730,294	2,157,344	29,650,657	40,538,295
Receivables				
Accounts, net	28,984,430	-	5,722,816	34,707,246
Taxes receivable, net	1,117,847	-	-	1,117,847
Special assessments	-	-	11,386,003	11,386,003
Loans	-	1,284	1,185,000	1,186,284
Accrued interest	-	-	2,290,946	2,290,946
Due from other funds	460,456	-	-	460,456
Due from other governmental units	2,096,189	7,084,312	7,105,014	16,285,515
Inventories	-	-	1,292,853	1,292,853
Prepays	570,654	-	-	570,654
TOTAL ASSETS	\$ 48,873,124	\$ 9,242,940	\$ 58,906,536	\$ 117,022,600
LIABILITIES				
Accounts payable	\$ 8,445,114	\$ 2,653,693	\$ 11,050,779	\$ 22,149,586
Accrued payroll	2,431,779	24,558	79,379	2,535,716
Due to other governmental units	5,301,195	170,976	380,476	5,852,647
Indemnity bonds	-	-	43,867	43,867
Other liabilities	1,097,828	-	9,894	1,107,722
Due to other funds	-	-	460,456	460,456
Unearned revenue	401,569	6,384,701	92,915	6,879,185
TOTAL LIABILITIES	17,677,485	9,233,928	12,117,766	39,029,179
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - fees	1,422,886	-	-	1,422,886
Unavailable revenue - loans and accrued interest receivable	-	9,010	8,975,485	8,984,495
Unavailable revenue - special assessments	-	-	10,748,337	10,748,337
TOTAL DEFERRED INFLOWS OF RESOURCES	1,422,886	9,010	19,723,822	21,155,718
FUND BALANCES				
Nonspendable	570,654	-	3,283,816	3,854,470
Restricted	-	2	21,235,092	21,235,094
Committed	7,972,836	-	2,546,040	10,518,876
Unassigned	21,229,263	-	-	21,229,263
TOTAL FUND BALANCES	29,772,753	2	27,064,948	56,837,703
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 48,873,124	\$ 9,242,940	\$ 58,906,536	\$ 117,022,600

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, 2021

Fund balances - total governmental funds \$ 56,837,703

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	\$ 578,482,687	
Accumulated depreciation is	(379,564,344)	
Capital assets accounted for in the internal service funds, net	<u>(10,194,637)</u>	
Capital assets, net		188,723,706

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

Deferred ambulance fees receivable	1,064,748	
Deferred nuisance fees receivable	358,138	
Deferred loans receivable	6,693,549	
Deferred long-term interest receivable	2,290,946	
Deferred long-term special assessments receivable	10,748,337	
Deferred outflows of resources related to pensions	26,677,953	
Deferred outflows of resources related to OPEB	70,945,707	
Deferred inflows of resources related to pensions	(40,435,535)	
Deferred inflows of resources related to OPEB	<u>(240,602,459)</u>	
		(162,258,616)

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	19,251,737
---	------------

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	(44,039,546)	
Deferred charges on refunding	253,809	
Compensated absences	(10,134,019)	
Workers compensation	(2,789,472)	
Accrued interest payable	(579,969)	
Net pension liability	(266,587,906)	
Net other post-employment benefits liability	<u>(204,347,873)</u>	
		<u>(528,224,976)</u>

Net position of governmental activities	<u><u>\$ (425,670,446)</u></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, 2021

	General	State and Federal Grants - Special Revenue	Nonmajor Governmental Funds	Total
REVENUES				
Property taxes and special assessments	\$ 43,598,250	\$ -	\$ 2,114,669	\$ 45,712,919
Income taxes	37,005,040	-	-	37,005,040
Licenses and permits	1,930,169	-	-	1,930,169
Intergovernmental	21,490,677	23,093,159	32,785,121	77,368,957
Charges for services	9,928,006	624,939	4,972,947	15,525,892
Fines and forfeits	1,422,707	-	68,934	1,491,641
Interest and rents	343,045	-	59,398	402,443
Other	25,371,291	511,708	514,783	26,397,782
TOTAL REVENUES	141,089,185	24,229,806	40,515,852	205,834,843
EXPENDITURES				
Current				
General government	16,533,439	-	3,331,523	19,864,962
Public safety	74,494,477	382,441	1,336,173	76,213,091
Public works	11,010,619	-	-	11,010,619
Highways and streets	-	-	10,857,448	10,857,448
Recreation and culture	6,497,239	-	-	6,497,239
Community and economic development	8,125,834	24,021,796	11,027,081	43,174,711
Debt service				
Principal	2,109,005	-	1,250,667	3,359,672
Interest and fiscal charges	416,631	-	381,756	798,387
Capital outlay	-	-	21,325,057	21,325,057
TOTAL EXPENDITURES	119,187,244	24,404,237	49,509,705	193,101,186
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	21,901,941	(174,431)	(8,993,853)	12,733,657
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	89,235	-	401,500	490,735
Transfers in	350,000	174,433	8,017,755	8,542,188
Transfers out	(2,689,433)	-	(4,636,276)	(7,325,709)
TOTAL OTHER FINANCING SOURCES (USES)	(2,250,198)	174,433	3,782,979	1,707,214
NET CHANGE IN FUND BALANCES	19,651,743	2	(5,210,874)	14,440,871
Fund balances, beginning of year	10,121,010	-	32,275,822	42,396,832
Fund balances, end of year	\$ 29,772,753	\$ 2	\$ 27,064,948	\$ 56,837,703

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, 2021

Net change in fund balances - total governmental funds **\$ 14,440,871**

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. 26,377,187

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	\$	(388,758)	
Change in deferred nuisance fees receivable		(272,996)	
Change in deferred loans receivable		5,472,907	
Change in deferred long-term interest receivable		59,250	
Change in deferred special assessments receivable		10,625,204	
Change in deferred tax and settlement receivables		<u>(22,500)</u>	
			15,473,107

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 3,620,712

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	84,502		
Deferred charges on refunding	(36,429)		
Discounts on bond issuances	(29,103)		
Issuance of special assessment debt	(20,032,880)		
Debt principal retirement	<u>3,359,672</u>		
			(16,654,238)

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 (232,155)

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:

Decrease in net pension liability	41,522,451		
Decrease in net OPEB liability	317,168,340		
(Decrease) in deferred outflows of resources related to pensions	(8,670,060)		
(Decrease) in deferred outflows of resources related to OPEB	(43,440,416)		
(Increase) in deferred inflows of resources related to pensions	(38,976,105)		
(Increase) in deferred inflows of resources related to OPEB	(224,194,802)		
(Increase) in accrued interest payable	(322,948)		
(Increase) in compensated absences	<u>(1,773,367)</u>		
			<u>41,313,093</u>

Change in net position of governmental activities **\$ 84,338,577**

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

This page intentionally left blank.

**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, 2021

	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	\$ -	\$ 4,406,369	\$ 200	\$ 4,406,569	\$ -
Cash and cash equivalents - restricted	2,437,390	-	-	2,437,390	-
Equity in pooled cash and investments	44,671,331	-	3,614,011	48,285,342	11,634,485
Receivables, net					
Customers	7,062,057	41,785	64,308	7,168,150	403,942
Interest	28,686	217,290	-	245,976	-
Lease	676,276	-	-	676,276	-
Inventories	314,657	-	45,079	359,736	458,932
Prepays	-	-	136,484	136,484	1,969,267
Total current assets	55,190,397	4,665,444	3,860,082	63,715,923	14,466,626
Noncurrent assets					
Lease receivable, net of current portion	4,744,326	19,178,024	-	23,922,350	-
Capital assets not being depreciated	31,407,072	12,199,600	403,387	44,010,059	92,892
Capital assets, net of accumulated depreciation	288,366,929	9,818,316	1,753,423	299,938,668	10,101,745
Total noncurrent assets	324,518,327	41,195,940	2,156,810	367,871,077	10,194,637
TOTAL ASSETS	379,708,724	45,861,384	6,016,892	431,587,000	24,661,263
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on refunding	949,548	3,322,433	-	4,271,981	-
Deferred outflows of resources related to pensions	819,387	229,278	457,053	1,505,718	-
Deferred outflows of resources related to OPEB	1,452,845	406,530	810,394	2,669,769	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,221,780	3,958,241	1,267,447	8,447,468	-
LIABILITIES					
Current liabilities					
Accounts payable	3,713,288	572,634	182,854	4,468,776	1,266,344
Accrued payroll	118,034	46,665	1,975	166,674	205,203
Deposit payable	-	69,300	-	69,300	-
Claims incurred but not reported	-	-	-	-	1,635,000
Accrued interest payable	537,630	2,433,929	580	2,972,139	5,046
Unearned revenue	-	-	324,913	324,913	-
Current portion of compensated absences	37,427	-	13,314	50,741	25,953
Current portion of long-term obligations	11,257,046	2,593,908	118,343	13,969,297	233,466
Total current liabilities	15,663,425	5,716,436	641,979	22,021,840	3,371,012
Noncurrent liabilities					
Compensated absences, net of current portion	414,892	127,308	227,216	769,416	872,585
Bonds and notes payable, net of current portion	83,791,503	30,635,852	-	114,427,355	1,165,929
Net pension liability	15,063,858	4,215,116	8,402,592	27,681,566	-
Net other post-employment benefits liability	8,051,894	2,253,053	4,491,331	14,796,278	-
Total noncurrent liabilities	107,322,147	37,231,329	13,121,139	157,674,615	2,038,514
TOTAL LIABILITIES	122,985,572	42,947,765	13,763,118	179,696,455	5,409,526
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	1,450,686	405,926	809,190	2,665,802	-
Deferred inflows of resources related to OPEB	8,913,021	2,494,010	4,971,667	16,378,698	-
TOTAL DEFERRED INFLOWS OF RESOURCES	10,363,707	2,899,936	5,780,857	19,044,500	-
NET POSITION					
Net investment in capital assets	225,675,000	(7,889,411)	2,038,467	219,824,056	8,795,242
Restricted for bond reserves	2,437,390	-	-	2,437,390	-
Unrestricted	21,468,835	11,861,335	(14,298,103)	19,032,067	10,456,495
TOTAL NET POSITION	<u>\$ 249,581,225</u>	<u>\$ 3,971,924</u>	<u>\$ (12,259,636)</u>	<u>\$ 241,293,513</u>	<u>\$ 19,251,737</u>

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, 2021

	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	\$ 38,471,972	\$ 2,710,377	\$ 7,859,322	\$ 49,041,671	\$ 87,406,145
Intergovernmental	-	-	-	-	227,654
Other	-	-	-	-	93,789
TOTAL OPERATING REVENUES	38,471,972	2,710,377	7,859,322	49,041,671	87,727,588
OPERATING EXPENSES					
Personnel services	-	(1,692,779)	1,549,115	(143,664)	8,501,033
Purchase of goods and services	9,654,982	1,185,316	3,220,357	14,060,655	75,557,564
Other services and charges	77,624	-	-	77,624	-
Depreciation	9,876,478	1,249,037	91,892	11,217,407	2,258,179
TOTAL OPERATING EXPENSES	19,609,084	741,574	4,861,364	25,212,022	86,316,776
OPERATING INCOME	18,862,888	1,968,803	2,997,958	23,829,649	1,410,812
NONOPERATING REVENUE (EXPENSES)					
Interest revenue	163,449	1,024,999	1,230	1,189,678	-
Gain on sale of capital assets	-	-	-	-	226,306
Other	-	(171,260)	-	(171,260)	-
Interest expense and fees	(1,219,411)	(2,270,261)	(4,986)	(3,494,658)	(21,406)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,055,962)	(1,416,522)	(3,756)	(2,476,240)	204,900
NET INCOME BEFORE TRANSFERS	17,806,926	552,281	2,994,202	21,353,409	1,615,712
TRANSFERS IN	443,521	-	460,000	903,521	2,005,000
TRANSFERS OUT	-	(2,005,000)	(2,120,000)	(4,125,000)	-
TOTAL TRANSFERS	443,521	(2,005,000)	(1,660,000)	(3,221,479)	2,005,000
CHANGE IN NET POSITION	18,250,447	(1,452,719)	1,334,202	18,131,930	3,620,712
Net position (deficit), beginning of year	231,330,778	5,424,643	(13,593,838)	223,161,583	15,631,025
Net position (deficit), end of year	<u>\$ 249,581,225</u>	<u>\$ 3,971,924</u>	<u>\$ (12,259,636)</u>	<u>\$ 241,293,513</u>	<u>\$ 19,251,737</u>

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

**CITY OF LANSING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

	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	\$ 36,344,655	\$ 2,671,317	\$ 7,857,881	\$ 46,873,853	\$ -
Cash received from interfund services provided	-	-	-	-	88,580,551
Cash received for intergovernmental services	-	-	-	-	227,654
Cash payments for goods and services	(7,318,696)	(942,610)	(3,387,032)	(11,648,338)	(77,345,885)
Cash payments to employees	(7,299,686)	(1,975,165)	(3,916,085)	(13,190,936)	(8,115,428)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	21,726,273	(246,458)	554,764	22,034,579	3,346,892
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	443,521	-	460,000	903,521	2,005,000
Transfers out	-	(2,005,000)	(2,120,000)	(4,125,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	443,521	(2,005,000)	(1,660,000)	(3,221,479)	2,005,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(14,101,598)	(8,000,181)	-	(22,101,779)	(1,771,074)
Proceeds from sale of capital assets	-	-	-	-	216,131
Principal paid on long-term obligations	(11,750,899)	(10,748,693)	(234,554)	(22,734,146)	(2,310,558)
Interest and costs paid on long-term obligations	(2,485,482)	(1,626,993)	(6,135)	(4,118,610)	(13,061)
Proceeds from bond issuance	4,457,825	18,140,000	-	22,597,825	1,390,000
Payments received on capital lease	666,536	-	-	666,536	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(23,213,618)	(2,235,867)	(240,689)	(25,690,174)	(2,488,562)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	166,907	1,021,508	1,230	1,189,645	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(876,917)	(3,465,817)	(1,344,695)	(5,687,429)	2,863,330
Cash and cash equivalents, beginning of year	47,985,638	7,872,186	4,958,906	60,816,730	8,771,155
Cash and cash equivalents, end of year	<u>\$ 47,108,721</u>	<u>\$ 4,406,369</u>	<u>\$ 3,614,211</u>	<u>\$ 55,129,301</u>	<u>\$ 11,634,485</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, 2021

	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	\$ 18,862,888	\$ 1,968,803	\$ 2,997,958	\$ 23,829,649	\$ 1,410,812
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation	9,876,478	1,249,037	91,892	11,217,407	2,258,179
(Increase) decrease in:					
Accounts receivable	(2,127,317)	(39,060)	(1,441)	(2,167,818)	144,624
Advance to other funds	-	188,126	-	188,126	-
Inventories	60,493	-	409	60,902	(47,967)
Prepays	-	-	(136,484)	(136,484)	(1,481,687)
Deferred outflows of resources related to pensions	1,159,870	405,105	562,400	2,127,375	-
Deferred outflows of resources related to OPEB	1,883,263	662,745	907,928	3,453,936	-
Increase (decrease) in:					
Accounts payable	2,353,417	59,108	(30,600)	2,381,925	(258,667)
Accrued liabilities	31,408	8,672	585	40,665	35,483
Deposits payable	-	(4,528)	-	(4,528)	-
Compensated absences	(41,491)	(70,068)	53,595	(57,964)	51,115
Claims incurred but not reported	-	-	-	-	1,235,000
Net pension liability	(4,182,150)	(1,953,535)	(1,510,410)	(7,646,095)	-
Net other post-employment benefits liability	(14,827,520)	(5,080,162)	(7,293,122)	(27,200,804)	-
Deferred inflows of resources related to pensions	1,346,787	372,625	755,675	2,475,087	-
Deferred inflows of resources related to OPEB	7,330,147	1,986,674	4,156,379	13,473,200	-
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ 21,726,273	 \$ (246,458)	 \$ 554,764	 \$ 22,034,579	 \$ 3,346,892

This page intentionally left blank.

**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, 2021**

	Pension and Other Post- Employment Benefits Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 28,365,361	\$ -
Equity in pooled cash and investments	612,000	107,611
Investments		
Mutual funds	458,005,917	-
Domestic equities	135,108,636	-
International equities	2,905,956	-
Emerging market equities	31,983,205	-
Money market funds	7,641,923	-
Receivables		
Interest and dividends	81,400	-
Prepays	3,736	-
TOTAL ASSETS	664,708,134	107,611
LIABILITIES		
Accounts payable	426,871	-
Due to other governmental units	17,715,089	-
Due to individuals and agencies	-	107,611
TOTAL LIABILITIES	18,141,960	107,611
NET POSITION RESTRICTED FOR:		
Pension benefits	518,818,718	-
Other postemployment benefits	127,747,456	-
TOTAL NET POSITION	\$ 646,566,174	\$ -

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, 2021**

	Pension and Other Post- Employment Benefits Trust Funds	Custodial Funds
ADDITIONS TO NET POSITION		
Collections from or on behalf of individuals	\$ -	\$ 412,316
Collections of taxes for other governments	-	124,085,879
Investment income		
Change in fair value of investments	121,746,159	-
Interest	726,922	-
Investment expense	(2,051,635)	-
	<u>120,421,446</u>	<u>124,498,195</u>
Net investment income		
	<u>120,421,446</u>	<u>124,498,195</u>
Contributions		
Employer	54,535,342	-
Plan members	4,660,553	-
	<u>59,195,895</u>	<u>-</u>
Total contributions		
	<u>59,195,895</u>	<u>-</u>
TOTAL ADDITIONS	<u>179,617,341</u>	<u>124,498,195</u>
DEDUCTIONS FROM NET POSITION		
Payments to or on behalf of individuals	-	412,316
Payment of taxes collected for other governments	-	124,085,879
Participant benefits	79,588,289	-
Administrative expenses	1,773,296	-
	<u>81,361,585</u>	<u>124,498,195</u>
TOTAL DEDUCTIONS	<u>81,361,585</u>	<u>124,498,195</u>
CHANGE IN NET POSITION	98,255,756	-
Net position, beginning of year	<u>548,310,418</u>	<u>-</u>
Net position, end of year	<u>\$ 646,566,174</u>	<u>\$ -</u>

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

This page intentionally left blank.

COMPONENT UNITS

This page intentionally left blank.

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, 2021

	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	\$ 3,263,226	\$ -	\$ 10,981	\$ 77,610	\$ 1,900,359	\$ 5,252,176
Equity in pooled cash and investments	-	5,222,074	11,862	11,580	-	5,245,516
Cash and cash equivalents - restricted	3,040,193	1,880,224	-	-	80,000	5,000,417
Receivables, net	-	-	-	-	597,063	597,063
Due from other governmental units	4,149,598	-	-	-	-	4,149,598
Inventories	-	-	-	-	59,089	59,089
Prepays	-	-	-	-	60,623	60,623
Total current assets	10,453,017	7,102,298	22,843	89,190	2,697,134	20,364,482
Noncurrent assets						
Noncurrent portion of receivable, net	130,927	-	-	-	-	130,927
Capital assets, net of accumulated depreciation	-	-	-	-	18,570	18,570
Total noncurrent assets	130,927	-	-	-	18,570	149,497
TOTAL ASSETS	10,583,944	7,102,298	22,843	89,190	2,715,704	20,513,979
LIABILITIES						
Current liabilities						
Accounts payable	3,097,421	192,800	-	-	571,390	3,861,611
Accrued liabilities	-	-	-	-	270,869	270,869
Accrued interest payable	83,869	105,106	-	-	-	188,975
Unearned revenue	-	-	-	-	1,326,015	1,326,015
Current portion of long-term obligations	-	2,099,137	-	-	-	2,099,137
Total current liabilities	3,181,290	2,397,043	-	-	2,168,274	7,746,607
Noncurrent liabilities						
Noncurrent portion of long-term obligations	28,319,617	45,440,420	-	-	-	73,760,037
TOTAL LIABILITIES	31,500,907	47,837,463	-	-	2,168,274	81,506,644
DEFERRED INFLOW OF RESOURCES						
Deferred gain on refunding	-	1,236,606	-	-	-	1,236,606
NET POSITION						
Net investment in capital assets	-	-	-	-	18,570	18,570
Restricted for capital projects	-	-	-	-	80,000	80,000
Restricted for redevelopment projects	3,040,193	1,880,224	-	-	-	4,920,417
Unrestricted (deficit)	(23,957,156)	(43,851,995)	22,843	89,190	448,860	(67,248,258)
TOTAL NET POSITION (DEFICIT)	\$ (20,916,963)	\$ (41,971,771)	\$ 22,843	\$ 89,190	\$ 547,430	\$ (62,229,271)

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, 2021

	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	\$ 18,757,425	\$ -	\$ -	\$ -	\$ -	\$ 18,757,425
Community development	-	5,019,463	-	-	-	5,019,463
Recreation and culture	-	-	-	-	3,070,425	3,070,425
TOTAL EXPENSES	18,757,425	5,019,463	-	-	3,070,425	26,847,313
PROGRAM REVENUES						
Charges for services	-	-	-	-	1,940,191	1,940,191
Operating grants and contributions	1,355,689	-	-	-	1,113,300	2,468,989
TOTAL PROGRAM REVENUES	1,355,689	-	-	-	3,053,491	4,409,180
NET PROGRAM (EXPENSE) REVENUE	(17,401,736)	(5,019,463)	-	-	(16,934)	(22,438,133)
GENERAL REVENUES						
Property taxes	4,544,753	4,009,038	22,843	89,190	-	8,665,824
Unrestricted investment earnings (loss)	7,055	(312,542)	-	-	-	(305,487)
Other	-	-	-	-	280,055	280,055
TOTAL GENERAL REVENUES	4,551,808	3,696,496	22,843	89,190	280,055	8,640,392
CHANGE IN NET POSITION	(12,849,928)	(1,322,967)	22,843	89,190	263,121	(13,797,741)
Net position (deficit), beginning of year	(8,067,035)	(40,648,804)	-	-	284,309	(48,431,530)
Net position (deficit), end of year	<u>\$ (20,916,963)</u>	<u>\$ (41,971,771)</u>	<u>\$ 22,843</u>	<u>\$ 89,190</u>	<u>\$ 547,430</u>	<u>\$ (62,229,271)</u>

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

This page intentionally left blank.

NOTES TO FINANCIAL STATEMENTS

This page intentionally left blank.

CITY OF LANSING
INDEX - NOTES TO FINANCIAL STATEMENTS

	<u>Page</u>
Note 1 - Summary of Significant Accounting Policies	63
Note 2 - Budgetary Information	73
Note 3 - Deficit Fund Equity	74
Note 4 - Deposits and Investments	75
Note 5 - Receivables	83
Note 6 - Capital Assets	84
Note 7 - Accounts Payable and Accrued Liabilities	86
Note 8 - Interfund Receivables, Payables, and Transfers	86
Note 9 - Long-term Debt	87
Note 10 - Fund Balances - Governmental Funds	92
Note 11 - Net Investment in Capital Assets	92
Note 12 - Segment Information - Enterprise Funds	93
Note 13 - Risk Management	93
Note 14 - Property Taxes	94
Note 15 - Contingent Liabilities	94
Note 16 - Pension Plans	94
Note 17 - Other Postemployment Benefits	108
Note 18 - Tax Abatements	120
Note 19 - Assets Held by Foundation	121
Note 20 - Changes in Accounting Principles	121
Note 21 - Upcoming Accounting Pronouncements	122
Note 22 - Subsequent Event	122

This page intentionally left blank.

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, the City Market, and the Cooley Law School Stadium.

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 fund:

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.

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.

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.

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)

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.

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)

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.

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.

Leases 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 position 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 position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The 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"). In the General Fund, capital lease payments/installment payments are budgeted, but capital lease acquisitions are not. There were no capital lease acquisitions during the year ended June 30, 2021.
- 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 fund net position of \$2,330,581, \$3,743,971, and \$8,349,843, 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 \$43,851,995 and \$23,957,156, respectively at June 30, 2021. 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 (including both pooled cash and investments as well as pension and other postemployment benefit (OPEB) trust fund balances) as of June 30, 2021:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	\$ 8,602,555	\$ 5,252,176	\$ 28,365,361	\$ 42,220,092
Equity in pooled cash and investments	100,458,122	5,245,516	719,611	106,423,249
Cash and cash equivalents - restricted	5,427,905	5,000,417	-	10,428,322
Investments	-	-	635,645,637	635,645,637
	<u>\$ 114,488,582</u>	<u>\$ 15,498,109</u>	<u>\$ 664,730,609</u>	<u>\$ 794,717,300</u>

Deposits and investments

Bank deposits

Checking/savings accounts - Pension & OPEB related - nonpooled	\$ 28,365,361
Checking/savings accounts - City-wide accounts - all other	127,441,133

Investment in securities and mutual funds

Pooled investments	1,646,877
Employees' retirement system investments	212,867,511
Police and fire retirement system investments	377,945,174
Employees' money purchase pension plan investments	4,962,672
Retiree health care VEBA investments	39,870,280
Tax increment finance authority investments	<u>1,500,462</u>

Total investment in securities and mutual funds	794,599,470
---	-------------

Cash on hand	<u>117,830</u>
--------------	----------------

Total	<u>\$ 794,717,300</u>
-------	-----------------------

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, \$89,309,149 of the City's bank balance of \$91,611,191 was exposed to custodial credit risk because it was uninsured and uncollateralized. The book balance of all deposits (other than pension & OPEB related) was \$127,441,133.

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.

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	\$	82
S&P AA+		429,512
Not rated		890,317
Assets not subject to credit risk		326,966
		<hr/>
	\$	1,646,877
		<hr/>

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	\$	429,594
1-5 years		890,317
No maturity		326,966
		<hr/>
	\$	1,646,877
		<hr/>

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	\$ -	\$ 1,319,829	\$ -	\$ 1,319,829
Money market funds	326,966	-	-	326,966
	<u>\$ 326,966</u>	<u>\$ 1,319,829</u>	<u>\$ -</u>	1,646,795
Investments carried at net asset value				
Michigan CLASS government investment pool				<u>82</u>
				<u>\$ 1,646,877</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 AAA from Standard and Poor's with a weighted average maturity of 55 days.

At year end, the net asset value of the City's investment in Michigan CLASS was \$82. 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 \$28,365,361 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, 2021:

	Employees' Retirement System	Police and Fire Retirement System	Employees' Money Purchase Pension Plan	Retiree Health Care VEBA	Totals
Domestic corporate security mutual funds	\$ 18,865,820	\$ 33,438,282	\$ -	\$ -	\$ 52,304,102
Domestic equities					
Not on securities loan	39,906,348	80,263,719	-	-	120,170,067
On securities loan	5,428,644	9,509,925	-	-	14,938,569
International equities					
Not on securities loan	296,119	775,709	-	-	1,071,828
On securities loan	721,234	1,112,894	-	-	1,834,128
Emerging markets equities	11,187,617	19,716,081	-	1,079,507	31,983,205
Real estate investment mutual funds	18,807,353	25,345,658	-	-	44,153,011
International equity mutual funds	90,679,095	154,135,287	243,524	4,332,993	249,390,899
Domestic equity mutual funds	22,835,525	50,369,729	4,468,499	16,513,735	94,187,488
Domestic debt securities mutual funds	-	-	250,649	17,719,768	17,970,417
Money market funds	4,139,756	3,277,890	-	224,277	7,641,923
	<u>\$ 212,867,511</u>	<u>\$ 377,945,174</u>	<u>\$ 4,962,672</u>	<u>\$ 39,870,280</u>	<u>\$ 635,645,637</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	\$ -	\$ -	\$ 46,341	\$ 8,626,876	\$ 8,673,217
S&P AAAM	-	-	-	224,277	224,277
AA	-	-	134,641	1,627,197	1,761,838
A	-	-	-	1,285,548	1,285,548
BBB	-	-	-	3,579,957	3,579,957
BB	-	-	69,667	1,167,005	1,236,672
B	-	-	-	737,536	737,536
Not rated	23,005,576	36,716,172	-	695,649	60,417,397
Assets not subject to credit risk	189,861,935	341,229,002	4,712,023	21,926,235	557,729,195
	<u>\$ 212,867,511</u>	<u>\$ 377,945,174</u>	<u>\$ 4,962,672</u>	<u>\$ 39,870,280</u>	<u>\$ 635,645,637</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

At June 30, 2021, the pension and other postemployment benefits investment portfolio was concentrated as follows:

Investment Type	Issuer	Employee Retirement System	Police and Fire Retirement System
Corporate Bonds	Western Assets Funds, Inc.	8.9%	8.8%
Common Stock	Northern Trust Bank, N.A.	10.7%	1.2%

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	\$ 518,315	\$ 902,158	\$ -	\$ -	\$ 1,420,473
Italy	49,246	111,679	-	-	160,925
United Kingdom	101,710	230,076	-	-	331,786
France	81,504	183,434	-	-	264,938
Israel	262,438	451,883	-	-	714,321
Switzerland	4,140	9,373	-	-	13,513
International mutual funds	90,679,095	154,135,287	243,524	4,332,993	249,390,899
	<u>\$ 91,696,448</u>	<u>\$ 156,023,890</u>	<u>\$ 243,524</u>	<u>\$ 4,332,993</u>	<u>\$ 252,296,855</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, 2021, 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 \$ 18,865,820

Money market funds 4,139,756

\$ 23,005,576

Police and Fire Retirement System

Fixed income investments with no maturity

Domestic corporate securities mutual funds \$ 33,438,282

Money market funds 3,277,890

\$ 36,716,172

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	\$ -	\$ -	\$ 250,649	\$ -	\$ 250,649

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	\$ 224,277	\$ -	\$ 17,719,768	\$ -	\$ 17,944,045

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, 2021, the fair value of securities on loan by the Employees' Retirement System and the Police and Fire Retirement System were \$6,149,878 and \$10,622,819, respectively, for which the Plans' received cash collateral of \$6,288,683 and \$10,872,581, 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, 2021:

Employee Retirement System

INVESTMENT TYPE	Level 1	Level 2	Level 3	Total
Domestic equities	\$ 45,334,992	\$ -	\$ -	\$ 45,334,992
International equities	1,017,353	-	-	1,017,353
Emerging market equities	11,187,617	-	-	11,187,617
Mutual funds	132,380,440	9,408,807	-	141,789,247
Money market funds	4,139,756	-	-	4,139,756
	<u>\$ 194,060,158</u>	<u>\$ 9,408,807</u>	<u>\$ -</u>	203,468,965
Investments carried at net asset value				
Real estate investment trusts				<u>9,398,546</u>
				<u>\$ 212,867,511</u>

Police and Fire Retirement System

INVESTMENT TYPE	Level 1	Level 2	Level 3	Total
Domestic equities	\$ 89,773,644	\$ -	\$ -	\$ 89,773,644
International equities	1,888,603	-	-	1,888,603
Collateralized mortgage obligations	-	-	-	-
Emerging market equities	19,716,081	-	-	19,716,081
Mutual funds	214,535,184	13,529,892	-	228,065,076
Money market funds	3,277,890	-	-	3,277,890
	<u>\$ 329,191,402</u>	<u>\$ 13,529,892</u>	<u>\$ -</u>	342,721,294
Investments carried at net asset value				
Real estate investment trusts				11,815,766
International equity mutual funds				<u>23,408,114</u>
				<u>\$ 377,945,174</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, 2021. 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, 2021, the City has \$1,513,078 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	\$ 4,962,672	\$ -	\$ -	\$ 4,962,672

Retiree Healthcare VEBA

INVESTMENT TYPE	Level 1	Level 2	Level 3	Total
Emerging market equities	\$ 1,079,507	\$ -	\$ -	\$ 1,079,507
Mutual funds	38,566,496	-	-	38,566,496
Money market funds	224,277	-	-	224,277
	\$ 39,870,280	\$ -	\$ -	\$ 39,870,280

NOTE 5 - RECEIVABLES

Receivables are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 35,410,688	\$ 7,178,150	\$ 753,270
Taxes receivable	1,217,847	-	-
Special assessments receivable	11,386,003	-	-
Loans receivable	1,186,284	-	-
Accrued interest receivable	2,290,946	245,976	-
Due from other governments	16,285,515	-	4,149,598
Lease receivable	-	24,598,626	-
Allowance for uncollectable accounts	(399,500)	(10,000)	(25,280)
	<u>\$ 67,377,783</u>	<u>\$ 32,012,752</u>	<u>\$ 4,877,588</u>
Amount not expected to be collected within one year	<u>\$ 19,718,161</u>	<u>\$ 23,922,350</u>	<u>\$ 130,927</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 25,435,297	\$ -	\$ -	\$ 25,435,297
Construction in process	789,258	8,715,653	(391,463)	9,113,448
Subtotal	26,224,555	8,715,653	(391,463)	34,548,745
Capital assets being depreciated				
Land improvements	26,824,982	1,897,301	-	28,722,283
Equipment and vehicles	42,406,600	3,431,394	(1,842,146)	43,995,848
Buildings	136,275,787	137,270	-	136,413,057
Flowage rights	-	20,032,880	-	20,032,880
Infrastructure	309,116,994	5,652,880	-	314,769,874
Subtotal	514,624,363	31,151,725	(1,842,146)	543,933,942
Less accumulated depreciation for:				
Land improvements	(13,649,803)	(1,199,972)	-	(14,849,775)
Equipment and vehicles	(35,460,007)	(2,648,979)	1,852,321	(36,256,665)
Buildings	(95,185,017)	(4,560,462)	-	(99,745,479)
Flowage rights	-	-	-	-
Infrastructure	(223,536,005)	(5,176,420)	-	(228,712,425)
Subtotal	(367,830,832)	(13,585,833)	1,852,321	(379,564,344)
Net capital assets being depreciated	146,793,531	17,565,892	10,175	164,369,598
Capital assets, net	<u>\$ 173,018,086</u>	<u>\$ 26,281,545</u>	<u>\$ (381,288)</u>	<u>\$ 198,918,343</u>

At June 30, 2021, the City's governmental activities had outstanding commitments through construction contracts of approximately \$12,215,000.

Depreciation expense was charged to the following governmental activities:

Depreciation of governmental activities by function	
General government	\$ 507,489
Public safety	698,302
Public works	5,267,946
Recreation and culture	3,041,565
Community and economic development	1,812,352
Internal service fund	2,258,179
Total depreciation expense - governmental activities	<u>\$ 13,585,833</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (concluded)

	Balance July 1, 2020	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2021
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 12,369,507	\$ -	\$ -	\$ 12,369,507
Construction in progress	17,363,297	14,479,172	(201,917)	31,640,552
Subtotal	29,732,804	14,479,172	(201,917)	44,010,059
Capital assets being depreciated				
Land improvements	29,590,223	486,883	-	30,077,106
Equipment and vehicles	9,795,226	504,093	-	10,299,319
Buildings	186,926,876	6,631,631	-	193,558,507
Sewers	344,533,422	201,917	-	344,735,339
Subtotal	570,845,747	7,824,524	-	578,670,271
Less accumulated depreciation for:				
Land improvements	(15,940,214)	(566,436)	-	(16,506,650)
Equipment and vehicles	(7,532,817)	(361,485)	-	(7,894,302)
Buildings	(121,006,399)	(3,987,391)	-	(124,993,790)
Sewers	(123,034,766)	(6,302,095)	-	(129,336,861)
Subtotal	(267,514,196)	(11,217,407)	-	(278,731,603)
Net capital assets being depreciated	303,331,551	(3,392,883)	-	299,938,668
Capital assets, net	\$ 333,064,355	\$ 11,086,289	\$ (201,917)	\$ 343,948,727

At June 30, 2021, the City's business-type activities had outstanding commitments through construction contracts of approximately \$6,846,000.

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

Depreciation of business-type activities by function	
Sewage disposal system	\$ 9,876,478
Municipal parking system	1,249,037
Cemetery	9,828
Golf	76,696
Recycling	5,368
Total depreciation expense - business-type activities	\$ 11,217,407

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	\$ 23,415,930	\$ 4,468,776	\$ 3,861,611
Accrued payroll	2,740,919	166,674	-
Deposits payable	-	69,300	-
Due to other governments	5,852,647	-	-
Claims incurred but not reported	1,635,000	-	-
Other	1,151,589	-	270,869
	<u>\$ 34,796,085</u>	<u>\$ 4,704,750</u>	<u>\$ 4,132,480</u>

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances of the primary government as of June 30, 2021, was as follows:

Due to and from primary government funds

Due to General Fund	
Nonmajor governmental funds	<u>\$ 460,456</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, 2021, interfund transfers consisted of the following:

Transfers to General Fund from:	
Nonmajor governmental funds	<u>\$ 350,000</u>
Transfers to State and Federal Grants Fund from:	
General fund	<u>\$ 174,433</u>
Transfers to nonmajor governmental funds from:	
General fund	\$ 2,515,000
Nonmajor enterprise funds	2,120,000
Nonmajor governmental funds	<u>3,382,755</u>
	<u>\$ 8,017,755</u>
Transfers to nonmajor enterprise funds from:	
Nonmajor governmental funds	<u>\$ 460,000</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

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

Transfer to internal service funds from:	
Municipal Parking System fund	<u>\$ 2,005,000</u>
Transfer to Sewage Disposal Fund:	
Nonmajor governmental funds	<u>\$ 443,521</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; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; 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, 2020	Additions/ (Deletions)	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities							
2013 Energy Efficiency Refunding Bonds - Limited Tax	1/15/2013	2.40%	\$ 5,645,000	\$ 1,595,000	\$ (940,000)	\$ 655,000	\$ 655,000
2010 Recovery Zone Economic Development Bonds	12/13/2010	3.40%-7.25%	3,200,000	2,005,000	(2,005,000)	-	-
2015 Lansing Center Refunding Bonds - Limited Tax	12/17/2015	2.00%-3.00%	1,770,000	615,000	(305,000)	310,000	310,000
2018 Michigan Transportation Fund Bonds	9/12/2018	3.50%	1,665,000	1,125,000	(555,000)	570,000	570,000
2019 General Obligation Refunding - Limited Tax*	4/10/2019	3.00%-4.00%	6,938,699	6,452,231	(61,931)	6,390,300	561,000
Montgomery Drain District - Series 2020A	9/8/2020	3.00%	20,032,880	-	20,032,880	20,032,880	417,880
Total Governmental Activities			<u>39,251,579</u>	<u>11,792,231</u>	<u>16,165,949</u>	<u>27,958,180</u>	<u>2,513,880</u>
Business-type Activities							
2009 Building Authority Refunding Bonds - Limited Tax	11/9/2009	6.25%-6.85%	8,161,691	2,767,490	(861,849)	1,905,641	763,908
2014 Building Authority Refunding Bonds - Limited Tax	3/21/2014	4.75%	7,245,000	7,245,000	(7,245,000)	-	-
2015 Building Authority Refunding Bonds - Limited Tax	12/17/2015	2.00%-3.00%	6,765,000	2,335,000	(1,150,000)	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	8,635,000	100,000
2000 Limited Tax Sewer Bond - 5005-12	3/30/2000	2.50%	9,447,830	577,830	(577,830)	-	-
2001 Limited Tax Sewer Bond - 5005-13	3/29/2001	2.50%	10,573,046	1,293,046	(645,000)	648,046	648,046
2002 Limited Tax Sewer Bond - 5005-14	3/28/2002	2.50%	12,381,131	2,931,131	(705,000)	2,226,131	725,000
2003 Limited Tax Sewer Bond - 5005-15	3/27/2003	2.50%	10,145,688	2,995,688	(575,000)	2,420,688	585,000
2004 Limited Tax Sewer Bond - 5005-16	3/25/2004	2.125%	3,842,649	1,297,649	(205,000)	1,092,649	210,000
2005 Limited Tax Sewer Bond - 5005-17	3/25/2004	2.125%	8,003,778	2,673,778	(425,000)	2,248,778	435,000
2005 Limited Tax Sewer Bond - 5005-18	3/34/2005	1.625%	13,389,371	4,749,371	(680,000)	4,069,371	680,000
2006 Limited Tax Sewer Bond - 5005-19	3/30/2006	1.625%	18,216,346	7,751,346	(940,000)	6,811,346	950,000
2007 Limited Tax Sewer Bond - 5005-20	3/29/2007	1.625%	24,244,726	11,334,726	(1,225,000)	10,109,726	1,225,000
2008 Limited Tax Sewer Bond - 5005-21	4/1/2008	2.50%	27,494,933	15,365,453	(1,370,000)	13,995,453	1,405,000
2008 Limited Tax Sewer Bond - 5005-22	4/17/2009	2.50%	14,455,604	9,450,604	(685,000)	8,765,604	700,000
2010 Limited Tax Sewer Bond - 5411-01	1/22/2010	2.50%	8,548,000	5,938,000	(400,000)	5,538,000	415,000
2015 Limited Tax Sewer Bond - 5211-01	4/9/2014	2.50%	3,372,405	2,677,405	(150,000)	2,527,405	155,000
2015 Limited Tax Sewer Bond - 5211-02	7/9/2014	2.50%	1,977,487	1,715,065	(95,000)	1,620,065	100,000
2016 Limited Tax Sewer Bond - 5581-01	4/11/2016	2.50%	1,309,872	2,946,310	(135,000)	2,811,310	135,000
2019 Limited Tax Sewer Bond - 5005-23	4/10/2018	2.00%	8,241,804	8,241,804	(385,000)	7,856,804	395,000
2019 Limited Tax Sewer Bond - 5672-01**	6/7/2019	2.00%	56,280	56,280	4,457,825	4,514,105	405,000
2019 General Obligation Refunding - Limited Tax - Sewer*	4/10/2019	3.00%-4.00%	7,681,301	7,142,769	(1,003,069)	6,139,700	539,000
2020 CIB & Refunding Bonds - Municipal Parking	8/13/2020	3.00%-5.00%	9,405,000	-	9,235,000	9,235,000	545,000
Total Business-type Activities			<u>234,498,942</u>	<u>112,290,745</u>	<u>2,870,077</u>	<u>115,160,822</u>	<u>12,300,954</u>
Total General Obligation Bonds			<u>\$ 273,750,521</u>	<u>\$ 124,082,976</u>	<u>\$ 19,036,026</u>	<u>\$ 143,119,002</u>	<u>\$ 14,814,834</u>

* These debt issues are split between governmental and business-type activities

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

General Obligation Bonds (concluded)

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, 2020	Deletions	Balance June 30, 2021	Amounts Due Within One Year
Business-type Activities							
2013 Sewer Revenue Refunding Bonds	12/27/2012	2.40%	<u>\$ 21,765,000</u>	<u>\$ 12,525,000</u>	<u>\$ (1,550,000)</u>	<u>\$ 10,975,000</u>	<u>\$ 1,550,000</u>

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

Pledged Revenues

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$10,975,000 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 \$2,085,688 and \$28,902,815, 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, 2020	Additions/ (Deletions)	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities							
2014 Lease Purchase Agreement - Recycling Trucks	9/12/2013	1.96%	<u>\$ 1,550,855</u>	<u>\$ 314,953</u>	<u>\$ (209,333)</u>	<u>\$ 105,620</u>	<u>\$ 105,620</u>
2015 Ballpark Improvements Installment Purchase	2/13/2015	3.00%	<u>13,500,000</u>	<u>9,915,120</u>	<u>(864,005)</u>	<u>9,051,115</u>	<u>890,120</u>
			<u>\$ 15,050,855</u>	<u>\$ 10,230,073</u>	<u>\$ (1,073,338)</u>	<u>\$ 9,156,735</u>	<u>\$ 995,740</u>
Business-type Activities							
2014 Lease Purchase Agreement - Recycling Carts	9/12/2013	1.96%	<u>\$ 1,737,000</u>	<u>\$ 352,897</u>	<u>\$ (234,554)</u>	<u>\$ 118,343</u>	<u>\$ 118,343</u>

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

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, 2020	Additions/ (Deletions)	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities							
HUD Section 108 Loan	5/28/2015	1.52%	\$ 5,900,000	\$ 5,900,000	\$ (385,000)	\$ 5,515,000	\$ 390,000
2020 IPA Fire Truck	10/28/2020	1.40%	1,390,000	-	1,293,775	1,293,775	127,846
2014 SIB Loan	3/27/2014	3.00%	1,828,428	1,100,422	(248,736)	851,686	256,289
			<u>\$ 9,118,428</u>	<u>\$ 7,000,422</u>	<u>\$ 660,039</u>	<u>\$ 7,660,461</u>	<u>\$ 774,135</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.

Current Year Defeasances of Debt

On August 13, 2020, the Authority defeased the 2014 Building Authority Refunding Bonds, which were due and payable through 2039. This was accomplished by establishing an irrevocable trust with an escrow agent composed of U.S. Government Securities sufficient to meet the applicable principal and interest payments. The City issued 2020 Building Authority Refunding Bonds in the amount of \$8,735,000. 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 \$705,479, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$559,946.

On August 13, 2020, the City defeased the 2014 TIFA Refunding Bonds, which were due and payable through May 1, 2040. This was accomplished by establishing an irrevocable trust with an escrow agent composed of U.S. Government Securities sufficient to meet the applicable principal and interest payments. The City issued 2020 TIFA Refunding Bonds in the amount of \$4,485,000. 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 \$358,037, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$286,990.

Prior Year Defeased Debt

As of June 30, 2021, defeased bonds related to the prior year refunding of the 2005 Building Authority Refunding Bonds were still outstanding in the amount of \$1,305,000. The defeased bond is scheduled to be paid by the escrow agent on June 1, 2022.

As of June 30, 2021, defeased bonds related to the prior year refunding of the 2009 Building Authority Capital Appreciation Bonds were still outstanding in the amount of \$1,473,107. The defeased bonds are scheduled to be paid by the escrow agent in installments on June 1 of years 2022 through 2024.

As of June 30, 2021, defeased bonds related to the prior year refunding of the 2012 and 2018 Building Authority Refunding Bonds were still outstanding in the amount of \$8,650,000. The defeased bonds are scheduled to be paid by the escrow agent in installments through 2027.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2021.

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities					
General obligation bonds	\$ 11,792,231	\$ 20,032,880	\$ (3,866,931)	\$ 27,958,180	\$ 2,513,880
Notes from direct borrowings and direct placements					
Installment purchase agreements	10,230,073	-	(1,073,338)	9,156,735	995,740
Loans payable	7,000,422	1,390,000	(729,961)	7,660,461	774,135
	<u>29,022,726</u>	<u>21,422,880</u>	<u>(5,670,230)</u>	<u>44,775,376</u>	<u>4,283,755</u>
Deferred amounts					
For issuance discounts	(45,655)	-	45,655	-	-
For issuance premiums	748,067	-	(84,502)	663,565	-
Compensated absences	9,208,075	2,643,528	(819,046)	11,032,557	819,046
Accrued workers compensation	2,557,317	1,224,781	(992,626)	2,789,472	609,356
	<u>\$ 41,490,530</u>	<u>\$ 25,291,189</u>	<u>\$ (7,520,749)</u>	<u>\$ 59,260,970</u>	<u>\$ 5,712,157</u>
Business-type Activities					
General obligation bonds	\$ 112,290,745	\$ 22,597,825	\$ (19,727,748)	\$ 115,160,822	\$ 12,300,954
Revenue bonds	12,525,000	-	(1,550,000)	10,975,000	1,550,000
Notes from direct borrowings and direct placements					
Installment purchase agreements	352,897	-	(234,554)	118,343	118,343
	<u>125,168,642</u>	<u>22,597,825</u>	<u>(21,512,302)</u>	<u>126,254,165</u>	<u>13,969,297</u>
Deferred amounts					
For issuance discounts	(275,524)	-	65,292	(210,232)	-
For issuance premiums	2,165,855	1,706,210	(1,519,346)	2,352,719	-
Compensated absences	878,120	66,909	(124,872)	820,157	50,741
	<u>\$ 127,937,093</u>	<u>\$ 24,370,944</u>	<u>\$ (23,091,228)</u>	<u>\$ 129,216,809</u>	<u>\$ 14,020,038</u>
Component Units					
Brownfield Redevelopment Authority					
Revenue bonds	\$ 19,260,000	\$ 9,130,000	\$ -	\$ 28,390,000	\$ -
Direct borrowings and direct placements					
Loan payable	500,000	-	(23,180)	476,820	-
	<u>19,760,000</u>	<u>9,130,000</u>	<u>(23,180)</u>	<u>28,866,820</u>	<u>-</u>
Less unamortized discount on general obligation bonds	<u>(380,192)</u>	<u>(182,783)</u>	<u>15,772</u>	<u>(547,203)</u>	<u>-</u>
	<u>19,379,808</u>	<u>8,947,217</u>	<u>(7,408)</u>	<u>28,319,617</u>	<u>-</u>
Tax Increment Financing Authority					
General obligation bonds	27,600,000	4,485,000	(3,770,000)	28,315,000	50,000
Direct borrowings and direct placements					
Lease contract	11,029,889	-	-	11,029,889	-
	<u>38,629,889</u>	<u>4,485,000</u>	<u>(3,770,000)</u>	<u>39,344,889</u>	<u>50,000</u>
Add accreted interest on lease contract	7,026,398	1,228,654	-	8,255,052	2,049,137
Less unamortized discount on general obligation bonds	<u>(66,423)</u>	<u>-</u>	<u>6,039</u>	<u>(60,384)</u>	<u>-</u>
	<u>45,589,864</u>	<u>5,713,654</u>	<u>(3,763,961)</u>	<u>47,539,557</u>	<u>2,099,137</u>
Total component units	<u>\$ 64,969,672</u>	<u>\$ 14,660,871</u>	<u>\$ (3,771,369)</u>	<u>\$ 75,859,174</u>	<u>\$ 2,099,137</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (concluded)

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.

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
2022	\$ 2,513,880	\$ 1,120,690	\$ 12,300,954	\$ 3,837,122	\$ 1,550,000	\$ 458,188
2023	946,299	1,071,827	10,609,780	3,630,665	1,550,000	380,688
2024	984,250	992,296	10,547,534	3,072,899	1,575,000	303,188
2025	1,024,751	909,391	9,525,938	2,113,795	1,575,000	224,438
2026	1,065,250	829,807	9,546,177	1,918,388	1,575,000	145,688
2027-2031	4,935,800	2,901,565	34,310,096	6,437,408	3,150,000	147,656
2032-2036	3,652,950	1,600,805	19,382,229	2,881,477	-	-
2037-2041	3,485,000	117,785	-	-	-	-
2042-2046	4,220,000	779,564	-	-	-	-
2047-2051	5,130,000	280,972	8,938,114	562,922	-	-
	<u>\$ 27,958,180</u>	<u>\$ 11,664,702</u>	<u>\$ 115,160,822</u>	<u>\$ 24,454,676</u>	<u>\$ 10,975,000</u>	<u>\$ 1,659,846</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		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 1,769,875	\$ 505,109	\$ 118,343	\$ 1,743
2023	1,710,645	459,450	-	-
2024	1,758,187	413,819	-	-
2025	1,586,041	367,543	-	-
2026	1,572,896	319,108	-	-
2027-2031	7,349,552	921,472	-	-
2032-2034	1,070,000	85,844	-	-
	<u>\$ 16,817,196</u>	<u>\$ 3,072,345</u>	<u>\$ 118,343</u>	<u>\$ 1,743</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	Nonmajor Governmental Funds	Total
Fund Balances				
Nonspendable				
Inventory	\$ -	\$ -	\$ 1,292,853	\$ 1,292,853
Prepays	570,654	-	-	570,654
Corpus of permanent funds	-	-	1,990,963	1,990,963
Restricted				
Major and local streets	-	-	15,364,320	15,364,320
Drug law and narcotics enforcement	-	-	631,658	631,658
Downtown Lansing - community development	-	-	175,376	175,376
Debt service	-	-	29,361	29,361
Building department	-	-	3,541,014	3,541,014
Community development	-	-	1	1
Intergovernmental grants	-	2	-	2
Capital projects - public works	-	-	1,493,362	1,493,362
Committed				
Pension/OPEB	7,972,836	-	-	7,972,836
City parks	-	-	490,540	490,540
Capital improvements	-	-	2,055,500	2,055,500
Unassigned	21,229,263	-	-	21,229,263
TOTAL FUND BALANCES	\$ 29,772,753	\$ 2	\$ 27,064,948	\$ 56,837,703

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2021, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets			
Capital assets not being depreciated	\$ 34,548,745	\$ 44,010,059	\$ -
Capital assets being depreciated, net	164,369,598	299,938,668	18,570
Total capital assets	198,918,343	343,948,727	18,570
Related debt			
General obligation bonds	27,958,180	115,160,822	-
Revenue bonds	-	10,975,000	-
Installment purchase agreements	9,156,735	118,343	-
Loans payable	7,660,461	-	-
Unamortized bond discounts	-	(210,232)	-
Unamortized bond premiums	663,565	2,352,719	-
Deferred charge on bond refunding	(253,809)	(4,271,981)	-
Total related debt	45,185,132	124,124,671	-
Net investment in capital assets	\$ 153,733,211	\$ 219,824,056	\$ 18,570

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, 2021	2020
Estimated liability, beginning of year	\$ 400,000	\$ 750,000
Estimated claims incurred, including changes in estimates	12,302,617	9,949,390
Claim payments	<u>(11,067,617)</u>	<u>(10,299,390)</u>
Estimated liability, end of year	<u>\$ 1,635,000</u>	<u>\$ 400,000</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, 2021	2020
Estimated liability, beginning of year	\$ 2,557,317	\$ 2,310,982
Estimated claims incurred, including changes in estimates	1,224,781	1,190,809
Claim payments	<u>(992,626)</u>	<u>(944,474)</u>
Estimated liability, end of year	<u>\$ 2,789,472</u>	<u>\$ 2,557,317</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 2020 taxable value for all properties within the City is \$2,284,084,491.

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, 2021 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, 2020, plan membership consisted of the following:

Inactive employees or beneficiaries receiving benefits	938
Inactive employees entitled to but not yet receiving benefits	159
Vested and non-vested active participants	<u>400</u>
Total employees covered by the Plan	<u><u>1,497</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, 2021 was 47.49% 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, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations

At June 30, 2021, 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, 2020 to June 30, 2021 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, 2021 is as follows:

<u>Reserve/Group</u>	<u>Balance</u>
Employee savings fund	\$ 11,668,976
Retirement reserve fund	151,831,186
Pension accumulation fund	193,592
Members benefit fund	14,421,309
Health insurance fund	39,659,629

Net Pension Liability

The components of the net pension liability for the employees' retirement system at June 30, 2021 were as follows:

Total Pension Liability	\$ 316,621,592
Plan Fiduciary Net Position	<u>178,421,063</u>
Net Pension Liability	<u><u>\$ 138,200,529</u></u>
Plan fiduciary net position as percentage of total Pension Liability	56.35%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: 2.50%, plus service based increases.

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

Mortality is based on the Pub2010G 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, 2020 valuation were based on the results of actuarial experience analysis conducted in December 2016.

Assumption changes – the actuarial assumptions were changed during the year as follows:

- Reduction of investment rate of return assumptions from 7.25% to 7.00%
- Reduction of inflation and salary increase from 2.75% to 2.50%
- Change in mortality tables from RP2000 to Pub2010G

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	Expected Real Rate of Return	Money-Weighted Rate of Return
Domestic Equity	32.00%	5.75%	1.84%
International Equity - Developed	12.00%	6.00%	0.72%
International Equity - Emerging	4.00%	7.75%	0.31%
Fixed Income - U.S.	22.00%	1.60%	0.35%
Real Estate	10.00%	4.95%	0.50%
Global Opportunistic Fixed Income	5.00%	3.25%	0.16%
Global Equity Long/Short	10.00%	5.25%	0.53%
Absolute Return	5.00%	4.50%	0.23%
	100.00%		4.63%
Inflation			2.50%
Risk adjustment			-0.13%
Investment rate of return			7.00%

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
<u>Changes in Net Pension Liability</u>	(a)	(b)	(a)-(b)
Balances at June 30, 2020	\$ 310,941,585	\$ 152,888,463	\$ 158,053,122
Changes for the Year			
Service cost	2,943,847	-	2,943,847
Interest on total pension liability	21,890,652	-	21,890,652
Difference between expected and actual experience	(2,504,529)	-	(2,504,529)
Changes of assumptions	7,666,292	-	7,666,292
Employer contributions	-	12,649,529	(12,649,529)
Employee contributions	-	1,172,409	(1,172,409)
Net investment income (loss)	-	36,047,284	(36,047,284)
Benefit payments, including employee refunds	(24,316,255)	(24,316,255)	-
Administrative expense	-	(20,367)	20,367
Net changes	5,680,007	25,532,600	(19,852,593)
Balances as of June 30, 2021	\$ 316,621,592	\$ 178,421,063	\$ 138,200,529

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	\$ 166,720,824	\$ 138,200,529	\$ 112,034,310

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, 2021, the City recognized ERS pension expense of \$13,989,602. At June 30, 2021, 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	\$ 2,406,448	\$ 1,669,686
Changes in assumptions	5,110,861	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>11,639,364</u>
Total	<u><u>\$ 7,517,309</u></u>	<u><u>\$ 13,309,050</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
2022	\$ 2,499,690
2023	(362,012)
2024	(2,763,554)
2025	<u>(5,165,865)</u>
	<u><u>\$ (5,791,741)</u></u>

At June 30, 2021, the City did not have any outstanding contributions to the pension plan required for the year ended June 30, 2021.

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, 2020, plan membership consisted of the following:

Inactive employees or beneficiaries receiving benefits	754
Inactive employees entitled to but not yet receiving benefits	50
Vested and non-vested active participants	<u>360</u>
Total employees covered by the Plan	<u><u>1,164</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. Final average compensation is the member's highest wages for two consecutive years.

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, 2021 was 57.19% 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, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 22.39%. 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, 2021, 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, 2021 is as follows:

<u>Reserve/Group</u>	<u>Balance</u>
Retirement reserve fund	\$ 335,439,636
Health insurance fund	48,217,543

Net Pension Liability

The components of the net pension liability for the police and fire retirement system at June 30, 2021, were as follows:

Total Pension Liability	\$ 491,508,579
Plan Fiduciary Net Position	<u>335,439,636</u>
Net Pension Liability	<u><u>\$ 156,068,943</u></u>
Plan fiduciary net position as percentage of total Pension Liability	68.25%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: 2.50%, 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 Pub2010G (below median) tables are used. Each of these tables is projected generationally with Scale SSA (2020).

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of actuarial experience analysis conducted in December 2016.

Assumption changes - the actuarial assumptions were changed during the year as follows:

- Reduction of investment rate of return assumptions from 7.25% to 7.00%
- Reduction of inflation and salary increase from 2.75% to 2.50%
- Change in mortality tables from RP2000 to Pub2010S

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	32.00%	5.75%	1.84%
International Equity - Developed	12.00%	6.00%	0.72%
International Equity - Emerging	4.00%	7.75%	0.31%
Fixed Income	22.00%	1.60%	0.35%
Real Estate	10.00%	4.95%	0.50%
Global Opportunistic Fixed Income	5.00%	3.25%	0.16%
Global Equity Long/Short	10.00%	5.25%	0.53%
Absolute Return	5.00%	4.50%	0.23%
	100.00%		4.63%
Inflation			2.50%
Risk adjustment			-0.13%
Investment rate of return			7.00%

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
	(a)	(b)	(a)-(b)
<u>Changes in Net Pension Liability</u>			
Balances at June 30, 2020	\$ 465,521,706	\$ 280,136,810	\$ 185,384,896
Changes for the Year			
Service cost	6,961,705	-	6,961,705
Interest on total pension liability	32,984,834	-	32,984,834
Difference between expected and actual experience	(2,944,445)	-	(2,944,445)
Changes of assumptions	24,025,142	-	24,025,142
Employer contributions	-	18,250,155	(18,250,155)
Employee contributions	-	3,207,122	(3,207,122)
Net investment income (loss)	-	68,910,089	(68,910,089)
Benefit payments, including employee refunds	(35,040,363)	(35,040,363)	-
Administrative expense	-	(24,177)	24,177
Net changes	25,986,873	55,302,826	(29,315,953)
Balances as of June 30, 2021	\$ 491,508,579	\$ 335,439,636	\$ 156,068,943

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	\$ 209,673,834	\$ 156,068,943	\$ 107,586,489

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, 2021, the City recognized Police and Fire Retirement System pension expense of \$19,990,163. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,647,506	\$ 2,739,603
Changes in assumptions	18,018,856	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>27,052,684</u>
Total	<u><u>\$ 20,666,362</u></u>	<u><u>\$ 29,792,287</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:

<u>Year Ending June 30,</u>	<u>Pension Expense</u>
2022	\$ 2,201,293
2023	(530,110)
2024	(803,639)
2025	<u>(9,993,469)</u>
	<u><u>\$ (9,125,925)</u></u>

At June 30, 2021, the City did not have any outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

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	\$ 138,200,529	\$ 156,068,943	\$ 294,269,472
Deferred outflows - pension	7,517,309	20,666,362	28,183,671
Deferred inflows - pension	13,309,050	29,792,287	43,101,337
Pension expense	13,989,602	19,990,163	33,979,765

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, 2021 were \$259,282 for plan members. Employee contributions for the year ended June 30, 2021 were \$281,022. 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, 2021, the City contributed \$10,424,468 (direct benefit payments of \$10,124,468 and City contributions of \$300,000) to the Plan.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 14.89%. 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, 2021, were as follows:

Total OPEB Liability	\$ 153,400,498
Plan Fiduciary Net Position	<u>79,529,913</u>
Net OPEB Liability	<u><u>\$ 73,870,585</u></u>
Plan fiduciary net position as percentage of total OPEB liability	51.84%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2021, 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-2019.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study conducted covering 2015 through 2019.

Assumption changes - the actuarial assumptions were changed during the year as follows:

- Reduction in inflation from 2.75% to 2.50%
- Increase in discount rate from 4.48% to 7.00%

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, 2021 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, 2021 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	32.00%	5.75%	1.84%
International Equity - Developed	12.00%	6.00%	0.72%
International Equity - Emerging	4.00%	7.75%	0.31%
Fixed Income - U.S.	22.00%	1.60%	0.35%
Real Assets	10.00%	4.95%	0.50%
Global Opportunistic Fixed Income	5.00%	3.25%	0.16%
Global Equity Long/Short	10.00%	5.25%	0.53%
Absolute Return	5.00%	4.50%	0.23%
	100.00%		4.63%
Inflation			2.50%
Risk adjustment			-0.13%
Investment rate of return			7.00%

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% (down from 4.48% in 2020). 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, 2020	\$ 256,120,135	\$ 68,228,558	\$ 187,891,577
Changes for the year			
Service cost	1,560,141	-	1,560,141
Interest on total OPEB liability	11,335,921	-	11,335,921
Difference between expected and actual experience	(39,503,661)	-	(39,503,661)
Changes in assumptions	(66,716,444)	-	(66,716,444)
Employer contributions	-	10,424,468	(10,424,468)
Net investment income	-	11,001,355	(11,001,355)
Benefit payments	(9,395,594)	(9,395,594)	-
Administrative expense	-	(728,874)	728,874
Net changes	(102,719,637)	11,301,355	(114,020,992)
Balances as of June 30, 2021	\$ 153,400,498	\$ 79,529,913	\$ 73,870,585

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	\$ 92,295,649	\$ 73,870,585	\$ 58,644,722

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	\$ 58,067,926	\$ 73,870,585	\$ 92,856,905

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

For the year ended June 30, 2021, the City recognized OPEB benefit of \$20,756,544. At June 30, 2021, 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	\$ 13,328,852	\$ 44,477,629
Differences between expected and actual experience	-	32,835,257
Net difference between projected and actual earnings on plan investments	-	4,457,946
Total	\$ 13,328,852	\$ 81,770,832

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
2022	\$ (29,605,478)
2023	(36,361,804)
2024	(1,229,626)
2025	(1,245,072)
	\$ (68,441,980)

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, 2021, 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, 2021, the City contributed \$12,951,908 (direct benefit payments of \$11,651,908 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 7.00%. 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, 2021, were as follows:

Total OPEB Liability	\$ 193,491,109
Plan Fiduciary Net Position	<u>48,217,543</u>
Net OPEB Liability	<u>\$ 145,273,566</u>
Plan fiduciary net position as percentage of total OPEB liability	24.92%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2021, 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-2019.

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study conducted covering 2015 through 2019.

Assumption changes - the actuarial assumptions were changed during the year as follows:

- Reduction in inflation from 2.75% to 2.50%
- Increase in discount rate from 4.48% to 7.00%

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, 2021 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, 2021 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	32.00%	5.75%	1.84%
International Equity - Developed	12.00%	6.00%	0.72%
International Equity - Emerging	4.00%	7.75%	0.31%
Fixed Income - U.S.	22.00%	1.60%	0.35%
Real Assets	10.00%	4.95%	0.50%
Global Opportunistic Fixed Income	5.00%	3.25%	0.16%
Global Equity Long/Short	10.00%	5.25%	0.53%
Absolute Return	5.00%	4.50%	0.23%
	100.00%		4.63%
Inflation			2.50%
Risk adjustment			-0.13%
Investment rate of return			7.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% (down from 4.48% in 2020). 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, 2020	\$ 419,130,520	\$ 43,508,802	\$ 375,621,718
Changes for the year			
Service cost	3,698,415	-	3,698,415
Interest on total OPEB liability	15,112,018	-	15,112,018
Difference between expected and actual experience	(71,213,994)	-	(71,213,994)
Changes in assumptions	(162,399,773)	-	(162,399,773)
Employer contributions	-	12,951,908	(12,951,908)
Net investment income	-	3,408,741	(3,408,741)
Benefit payments	(10,836,077)	(10,836,077)	-
Administrative expense	-	(815,831)	815,831
Net changes	(225,639,411)	4,708,741	(230,348,152)
Balances as of June 30, 2021	\$ 193,491,109	\$ 48,217,543	\$ 145,273,566

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	\$ 170,733,176	\$ 145,273,566	\$ 124,626,309

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	\$ 123,701,426	\$ 145,273,566	\$ 171,751,827

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

For the year ended June 30, 2021, the City recognized OPEB benefit of \$15,673,870. At June 30, 2021, 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	\$ 50,662,185	\$ 121,799,830
Differences between expected and actual experience	9,292,280	53,410,495
Net difference between projected and actual earnings on plan investments	332,159	-
Contributions subsequent to the measurement date	-	-
Total	\$ 60,286,624	\$ 175,210,325

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
2022	\$ (25,940,332)
2023	(30,383,878)
2024	(58,526,866)
2025	(72,625)
	\$ (114,923,701)

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, 2021, 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	\$ 73,870,585	\$ 145,273,566	\$ 219,144,151
Deferred outflows - OPEB	13,328,852	60,286,624	73,615,476
Deferred inflows - OPEB	81,770,832	175,210,325	256,981,157
OPEB expense (benefit)	(20,756,544)	(15,673,870)	(36,430,414)

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	\$ 9,879,841	\$ 2,196,275	\$ 14,241,918	\$ 2,047,327	\$ -	\$ -	\$ 28,365,361
Equity in pooled cash and investments	250,352	55,648	-	-	-	306,000	612,000
Investments							
Mutual funds	123,693,145	27,494,648	230,199,138	33,089,818	4,962,672	38,566,496	458,005,917
Domestic equities	37,090,480	8,244,512	78,491,007	11,282,637	-	-	135,108,636
International equities	832,340	185,013	1,651,246	237,357	-	-	2,905,956
Emerging market equities	9,153,064	2,034,553	17,238,189	2,477,892	-	1,079,507	31,983,205
Money market funds	3,386,910	752,846	2,865,929	411,961	-	224,277	7,641,923
Prepays	3,057	679	-	-	-	-	3,736
Dividends and interest receivable	22,352	4,968	47,280	6,796	-	4	81,400
Total assets	184,311,541	40,969,142	344,734,707	49,553,788	4,962,672	40,176,284	664,708,134
Liabilities							
Accounts payable	131,031	29,127	233,193	33,520	-	-	426,871
Due to other governments	5,759,447	1,586,386	9,061,878	1,302,725	4,653	-	17,715,089
Total liabilities	5,890,478	1,615,513	9,295,071	1,336,245	4,653	-	18,141,960
Net position restricted for:							
Pension benefits	178,421,063	-	335,439,636	-	4,958,019	-	518,818,718
Other postemployment benefits	-	39,353,629	-	48,217,543	-	40,176,284	127,747,456
Total net position	\$ 178,421,063	\$ 39,353,629	\$ 335,439,636	\$ 48,217,543	\$ 4,958,019	\$ 40,176,284	\$ 646,566,174

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 in fair value of investments	\$ 37,049,261	\$ 3,237,815	\$ 70,286,802	\$ 3,408,741	\$ -	\$ 7,763,540	\$ 121,746,159
Interest income	(134,321)	-	(192,734)	-	1,053,977	-	726,922
Investment expenses	(867,656)	-	(1,183,979)	-	-	-	(2,051,635)
Net investment income	36,047,284	3,237,815	68,910,089	3,408,741	1,053,977	7,763,540	120,421,446
Contributions							
Employer	12,649,529	10,118,468	18,250,155	12,951,908	259,282	306,000	54,535,342
Plan members	1,172,409	-	3,207,122	-	281,022	-	4,660,553
Total contributions	13,821,938	10,118,468	21,457,277	12,951,908	540,304	306,000	59,195,895
Deductions							
Participant benefits	24,316,255	9,395,594	35,040,363	10,836,077	-	-	79,588,289
Administrative expense	20,367	625,659	24,177	815,831	184,047	103,215	1,773,296
Total deductions	24,336,622	10,021,253	35,064,540	11,651,908	184,047	103,215	81,361,585
Change in net position	25,532,600	3,335,030	55,302,826	4,708,741	1,410,234	7,966,325	98,255,756
Net position restricted for pension and other postemployment benefits							
Beginning of year	152,888,463	36,018,599	280,136,810	43,508,802	3,547,785	32,209,959	548,310,418
End of year	\$ 178,421,063	\$ 39,353,629	\$ 335,439,636	\$ 48,217,543	\$ 4,958,019	\$ 40,176,284	\$ 646,566,174

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 2021 amounted to \$170,875.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 18 - TAX ABATEMENTS (concluded)

- 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 2021.
- 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 Commission 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 2021 amounted to \$3,829,876.
- 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 2021, through direct reimbursement to developers from current tax captures, amounted to \$736,153. 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 2021 amounted to \$277,932.

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 2021 the City contributed \$10,000. 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, 2021, the fund has a value of \$1,613,472.

NOTE 20 - CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The City has three funds that meet the criteria (a pension and other postemployment benefits trust fund and custodial funds for property tax collections and 54-A District Court), which are presented in a statement of fiduciary net position and a statement of changes in fiduciary net position.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 21 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets 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. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

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.

NOTE 22 - SUBSEQUENT EVENT

Subsequent to year end, the City has approved borrowing \$12,500,000 of limited tax general obligation bonds to pay for costs of certain public improvements in the City.

Subsequent to year end, the City has approved borrowing \$10,569,000 of limited tax general obligation bonds to refund 2015 installment purchase, as described in Note 9, and to pay for the improvements of Jackson Field.

The American Rescue Plan (ARP) Act was signed into law on March 11, 2021, and it guaranteed direct relief to local municipalities. The City is estimated to receive approximately \$51 million in ARP funding. Funding is being released by the U.S. Department of Treasury in two tranches. Half of the funding the City is entitled to was released in September 2021, and the second half of the funding will be released under the second tranche approximately one year after the disbursement of the first tranche. The City will have until 2024 to obligate the federal funds and until 2026 to spend the funds on allowable expenditures.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LANSING
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 45,631,500	\$ 43,955,000	\$ 43,598,250	\$ (356,750)
Income taxes	31,380,800	29,380,800	37,005,040	7,624,240
Licenses and permits	1,761,700	1,761,700	1,930,169	168,469
Intergovernmental	17,126,766	19,984,197	21,490,677	1,506,480
Charges for services	8,642,703	8,642,703	9,928,006	1,285,303
Fines and forfeits	1,803,100	1,803,100	1,422,707	(380,393)
Interest and rents	140,000	140,000	343,045	203,045
Other				
Donations and contributions	25,065,000	25,065,000	25,143,832	78,832
Miscellaneous	183,000	283,000	227,459	(55,541)
TOTAL REVENUES	131,734,569	131,015,500	141,089,185	10,073,685
EXPENDITURES				
Current				
General government				
Attorney's office	2,265,661	2,265,661	2,038,627	227,034
City clerk	1,502,908	1,502,908	1,302,702	200,206
Council	668,682	668,682	610,650	58,032
Courts	6,429,780	6,429,780	6,045,733	384,047
Internal audit	170,601	170,601	118,345	52,256
Finance	6,103,629	3,603,629	2,859,634	743,995
Library rental	150,000	150,000	(41,772)	191,772
Human resources	2,260,520	2,260,520	2,089,345	171,175
Mayor	1,230,864	1,230,864	1,055,733	175,131
Office of community media	540,669	540,669	454,442	86,227
Total general government	21,323,314	18,823,314	16,533,439	2,289,875
Public safety				
Police	46,493,846	42,493,672	41,660,516	833,156
Fire	36,572,555	33,531,021	32,833,961	697,060
Total public safety	83,066,401	76,024,693	74,494,477	1,530,216
Public works	11,843,878	11,843,878	11,010,619	833,259

**CITY OF LANSING
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (concluded)
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
EXPENDITURES (concluded)				
Current (concluded)				
Recreation and culture	\$ 8,197,207	\$ 8,197,207	\$ 6,497,239	\$ 1,699,968
Community and economic development				
Economic development & planning	4,778,684	4,878,684	4,633,600	245,084
Neighborhood & community engagement	1,053,914	1,053,914	1,085,246	(31,332)
Human relations / community services	1,725,334	1,725,334	1,149,447	575,887
Human services / community support	1,560,400	2,109,284	1,257,541	851,743
Total community and economic development	9,118,332	9,767,216	8,125,834	1,641,382
Debt service				
Principal	2,109,010	2,109,010	2,109,005	5
Interest and fiscal charges	349,090	380,090	416,631	(36,541)
Total debt service	2,458,100	2,489,100	2,525,636	(36,536)
TOTAL EXPENDITURES	136,007,232	127,145,408	119,187,244	7,958,164
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,272,663)	3,870,092	21,901,941	18,031,849
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	105,000	105,000	89,235	(15,765)
Transfers in	1,505,100	1,505,100	1,349,304	(155,796)
Transfers out	(3,292,155)	(3,150,155)	(3,688,737)	(538,582)
TOTAL OTHER FINANCING SOURCES (USES)	(1,682,055)	(1,540,055)	(2,250,198)	(710,143)
NET CHANGE IN FUND BALANCE	(5,954,718)	2,330,037	19,651,743	17,321,706
Fund balance, beginning of year	10,121,010	10,121,010	10,121,010	-
Fund balance, end of year	\$ 4,166,292	\$ 12,451,047	\$ 29,772,753	\$ 17,321,706

CITY OF LANSING
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,102,442	\$ 1,102,442	\$ 23,093,159	\$ 21,990,717
Charges for services	-	-	624,939	624,939
Other revenues	-	-	511,708	511,708
TOTAL REVENUES	1,102,442	1,102,442	24,229,806	23,127,364
EXPENDITURES				
Current				
Public safety	-	-	382,441	(382,441)
Community development	1,102,442	1,102,442	24,021,796	(22,919,354)
TOTAL EXPENDITURES	1,102,442	1,102,442	24,404,237	(23,301,795)
EXCESS OF REVENUES UNDER EXPENDITURES	-	-	(174,431)	(174,431)
OTHER FINANCING SOURCES				
Transfers in	-	-	174,433	174,433
NET CHANGE IN FUND BALANCE	-	-	2	2
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 2	\$ 2

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

	2021	2020	2019	2018	2017	2016	2015	2014
CHANGE IN TOTAL PENSION LIABILITY								
Service cost	\$ 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	21,890,652	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	(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	<u>(24,316,255)</u>	<u>(24,106,903)</u>	<u>(23,470,040)</u>	<u>(23,102,224)</u>	<u>(22,913,214)</u>	<u>(22,860,449)</u>	<u>(22,462,587)</u>	<u>(22,790,522)</u>
Net Change in Total Pension Liability	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	<u>310,941,585</u>	<u>303,730,647</u>	<u>305,528,755</u>	<u>307,450,034</u>	<u>324,725,530</u>	<u>319,702,427</u>	<u>323,057,487</u>	<u>320,142,755</u>
Total Pension Liability, ending	<u><u>\$ 316,621,592</u></u>	<u><u>\$ 310,941,585</u></u>	<u><u>\$ 303,730,647</u></u>	<u><u>\$ 305,528,755</u></u>	<u><u>\$ 307,450,034</u></u>	<u><u>\$ 324,725,530</u></u>	<u><u>\$ 319,702,427</u></u>	<u><u>\$ 323,057,487</u></u>
CHANGE IN PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 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	1,172,409	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)	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	(24,316,255)	(24,106,903)	(23,470,040)	(23,102,224)	(22,913,214)	(22,860,449)	(22,462,587)	(22,957,379)
Administrative expenses	<u>(20,367)</u>	<u>(34,016)</u>	<u>(42,364)</u>	<u>(57,822)</u>	<u>(47,217)</u>	<u>(126,486)</u>	<u>(174,818)</u>	<u>(741,037)</u>
Net Change in Plan Fiduciary Net Position	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	<u>152,888,463</u>	<u>165,585,569</u>	<u>168,558,816</u>	<u>169,965,440</u>	<u>164,049,912</u>	<u>178,556,474</u>	<u>185,118,660</u>	<u>180,277,754</u>
Plan Fiduciary Net Position, ending	<u><u>\$ 178,421,063</u></u>	<u><u>\$ 152,888,463</u></u>	<u><u>\$ 165,585,569</u></u>	<u><u>\$ 168,558,816</u></u>	<u><u>\$ 169,965,440</u></u>	<u><u>\$ 164,049,912</u></u>	<u><u>\$ 178,556,474</u></u>	<u><u>\$ 185,118,660</u></u>
City's Net Pension Liability	<u><u>\$ 138,200,529</u></u>	<u><u>\$ 158,053,122</u></u>	<u><u>\$ 138,145,078</u></u>	<u><u>\$ 136,969,939</u></u>	<u><u>\$ 137,484,594</u></u>	<u><u>\$ 160,675,618</u></u>	<u><u>\$ 141,145,953</u></u>	<u><u>\$ 137,938,827</u></u>
Plan fiduciary net position as a percentage of the total pension liability	56.35%	49.17%	54.52%	55.17%	55.28%	50.52%	55.85%	57.30%
Covered payroll	\$ 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	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, 10 years of data will be presented.

Assumption changes - the actuarial assumptions were changed during the year as follows:

- Reduction of investment rate of return assumptions from 7.25% to 7.00%
- Reduction of inflation and salary increase from 2.75% to 2.50%
- Change in mortality tables from RP2000 to Pub2010G

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contributions	\$ 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	\$ 7,596,879
Contributions in relation to the actuarially determined contribution	<u>12,349,529</u>	<u>10,698,401</u>	<u>10,880,932</u>	<u>10,843,000</u>	<u>10,246,872</u>	<u>10,181,620</u>	<u>10,547,556</u>	<u>9,361,009</u>	<u>8,586,536</u>	<u>7,523,534</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (657,940)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,345</u>
Covered payroll	\$ 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	\$ 22,838,598
Contributions as a percentage of covered payroll	47.49%	44.02%	46.77%	47.82%	49.02%	44.10%	53.35%	43.50%	41.13%	32.94%

The FY 2012 City contribution was reduced by \$73,345 in recognition of additional contributions by United Auto Workers (UAW) employees, which were negotiated and contributed after the establishment of the June 30, 2012 ADC from the December 31, 2010 valuation.

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, 2020
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 20 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 Pub2010G 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 EIGHT FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

	<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	21.76%	-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, 10 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 EIGHT FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

	2021	2020	2019	2018	2017	2016	2015	2014
CHANGE IN TOTAL PENSION LIABILITY								
Service cost	\$ 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	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	(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	(35,040,363)	(33,987,421)	(32,609,254)	(31,757,151)	(31,102,186)	(29,503,964)	(27,969,021)	(26,270,724)
Net Change in Total Pension Liability	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	465,521,706	461,355,972	444,999,992	429,670,098	418,348,450	400,117,548	389,416,813	381,175,826
Total Pension Liability, ending	<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	\$ 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	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)	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	(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	(24,177)	(41,599)	(53,318)	(77,237)	(50,996)	(128,903)	(173,849)	(1,141,506)
Net Change in Plan Fiduciary Net Position	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	280,136,810	294,201,491	291,879,983	288,441,203	273,115,398	295,296,649	300,473,516	280,289,686
Plan Fiduciary Net Position, ending	<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>\$ 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	68.25%	60.18%	63.77%	65.59%	67.13%	65.28%	73.80%	77.16%
Covered payroll	\$ 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	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, 10 years of data will be presented.

Assumption changes - the actuarial assumptions were changed during the year as follows:

- Reduction of investment rate of return assumptions from 7.25% to 7.00%
- Reduction of inflation and salary increase from 2.75% to 2.50%
- Change in mortality tables from RP2000 to Pub2010S

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contributions	\$ 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	\$ 9,242,173
Contributions in relation to the actuarially determined contribution	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	9,057,080
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (123,453)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,093
Covered payroll	\$ 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	\$ 26,121,411
Contributions as a percentage of covered payroll	57.19%	53.34%	45.73%	44.61%	41.77%	40.20%	45.27%	42.60%	39.53%	34.67%

The FY 2012 City contribution was reduced by \$185,093 in recognition of additional contributions by International Association of Firefighters (IAFF) employees, which were negotiated and contributed after the establishment of the June 30, 2012 ADC from the December 31, 2010 valuation.

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, 2020
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	20 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 EIGHT FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

	<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	22.39%	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, 10 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 FIVE MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

	2021	2020	2019	2018	2017
CHANGE IN TOTAL OPEB LIABILITY					
Service cost	\$ 1,560,141	\$ 1,518,385	\$ 1,477,747	\$ 1,438,197	\$ 1,550,428
Interest	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	(9,395,594)	(10,444,878)	(10,573,488)	(10,286,249)	(10,116,593)
Net Change in Total OPEB Liability	(102,719,637)	24,704,778	7,508,910	(7,676,584)	4,410,518
Total OPEB Liability, beginning	256,120,135	231,415,357	223,906,447	231,583,031	227,172,513
Total OPEB Liability, ending	\$ 153,400,498	\$ 256,120,135	\$ 231,415,357	\$ 223,906,447	\$ 231,583,031
CHANGE IN PLAN FIDUCIARY NET POSITION					
Employer contributions	\$ 10,424,468	\$ 11,461,488	\$ 11,848,485	\$ 11,436,222	\$ 11,305,756
OPEB plan net investment income	11,001,355	4,366,514	3,040,683	4,329,577	5,209,669
Benefit payments, including refunds of member contributions	(9,395,594)	(10,444,878)	(10,573,488)	(10,286,249)	(10,116,593)
Administrative expenses	(728,874)	(636,610)	(548,939)	(444,973)	(389,163)
Net Change in Plan Fiduciary Net Position	11,301,355	4,746,514	3,766,741	5,034,577	6,009,669
Plan Fiduciary Net Position, beginning	68,228,558	63,482,044	59,715,303	54,680,726	48,671,057
Plan Fiduciary Net Position, ending	\$ 79,529,913	\$ 68,228,558	\$ 63,482,044	\$ 59,715,303	\$ 54,680,726
Plan's Net OPEB Liability	\$ 73,870,585	\$ 187,891,577	\$ 167,933,313	\$ 164,191,144	\$ 176,902,305
Plan fiduciary net position as a percentage of the total OPEB liability	51.84%	26.64%	27.43%	26.67%	23.61%
Covered payroll	\$ 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	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, 10 years of data will be presented.

Assumption changes - the actuarial assumptions were changed during the year as follows:

- Reduction in inflation from 2.75% to 2.50%
- Increase in discount rate from 4.48% to 7.00%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contributions	\$ 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	\$ 14,915,958
Contributions in relation to the actuarially determined contribution	<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>	<u>10,363,847</u>
Contribution deficiency (excess)	<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>	<u>\$ 4,552,111</u>
Covered payroll	\$ 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	\$ 22,838,598
Contributions as a percentage of covered payroll	42.9%	45.1%	50.0%	53.8%	54.1%	38.2%	46.6%	51.3%	48.6%	45.4%

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-2019.
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 FIVE MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)**

	<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	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, 10 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 FIVE MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

	2021	2020	2019	2018	2017
CHANGE IN TOTAL OPEB LIABILITY					
Service cost	\$ 3,698,415	\$ 3,599,431	\$ 3,503,096	\$ 3,409,339	\$ 3,749,359
Interest	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	(10,836,077)	(13,132,398)	(12,271,014)	(11,960,557)	(11,065,440)
 Net Change in Total OPEB Liability	 (225,639,411)	 116,601,160	 25,450,808	 (17,813,645)	 8,268,702
 Total OPEB Liability, beginning	 <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><u>\$ 193,491,109</u></u>	 <u><u>\$ 419,130,520</u></u>	 <u><u>\$ 302,529,360</u></u>	 <u><u>\$ 277,078,552</u></u>	 <u><u>\$ 294,892,197</u></u>
 CHANGE IN PLAN FIDUCIARY NET POSITION					
Employer contributions	\$ 12,951,908	\$ 14,971,737	\$ 13,500,687	\$ 13,163,201	\$ 12,290,749
OPEB plan net investment income	3,408,741	2,998,056	290,543	3,572,965	3,487,200
Benefit payments, including refunds of member contributions	(10,836,077)	(13,132,398)	(12,271,014)	(11,960,557)	(11,065,440)
Administrative expenses	(815,831)	(529,339)	(627,673)	(600,644)	(525,309)
 Net Change in Plan Fiduciary Net Position	 4,708,741	 4,308,056	 892,543	 4,174,965	 4,187,200
 Plan Fiduciary Net Position, beginning	 <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><u>\$ 48,217,543</u></u>	 <u><u>\$ 43,508,802</u></u>	 <u><u>\$ 39,200,746</u></u>	 <u><u>\$ 38,308,203</u></u>	 <u><u>\$ 34,133,238</u></u>
 Plan's Net OPEB Liability	 <u><u>\$ 145,273,566</u></u>	 <u><u>\$ 375,621,718</u></u>	 <u><u>\$ 263,328,614</u></u>	 <u><u>\$ 238,770,349</u></u>	 <u><u>\$ 260,758,959</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 24.92%	 10.38%	 12.96%	 13.83%	 11.57%
 Covered payroll	 \$ 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	 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, 10 years of data will be presented.

Assumption changes - the actuarial assumptions were changed during the year as follows:

- Reduction in inflation from 2.75% to 2.50%
- Increase in discount rate from 4.48% to 7.00%

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contributions	\$ 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	\$ 17,844,155
Contributions in relation to the actuarially determined contribution	<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>	<u>9,888,796</u>
Contribution deficiency (excess)	<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>	<u>\$ 7,955,359</u>
Covered payroll	\$ 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	\$ 26,121,411
Contributions as a percentage of covered payroll	43.7%	50.3%	47.5%	63.7%	44.6%	47.6%	47.4%	42.4%	43.6%	37.9%

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-2019.
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 FIVE MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)

	<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	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, 10 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, 2021, the City incurred expenditures in the General Fund and eight Special Revenue Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
Community and economic development			
Neighborhood & community engagement	\$ 1,053,914	\$ 1,085,246	\$ (31,332)
Debt service	2,489,100	2,525,636	(36,536)
Other financing uses			
Transfers out	3,150,155	3,688,737	(538,582)
State and Federal Grants Fund			
Current			
Public safety	-	382,441	(382,441)
Community development	1,102,442	24,021,796	(22,919,354)
Major Streets			
Capital outlay	6,772,775	8,061,882	(1,289,107)
Other financing uses			
Transfers out	3,082,755	3,135,978	(53,223)
Local Streets			
Other financing uses			
Transfers out	-	690,298	(690,298)
Drug Law Enforcement Federal Fund			
Current			
Public safety	62,800	151,687	(88,887)
CDBG Program			
Current			
Community development	2,394,460	2,664,403	(269,943)
Downtown Lansing, Inc.			
Capital outlay	-	25,000	(25,000)
Tri-County Metro			
Current			
Public safety	366,000	662,327	(296,327)
CERA-MSHDA			
Current			
General government	-	6,510	(6,510)
Community and economic development	-	8,362,678	(8,362,678)
Debt service	-	4,386	(4,386)

This page intentionally left blank.

OTHER SUPPLEMENTARY INFORMATION

This page intentionally left blank.

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

CITY OF LANSING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds	Total
ASSETS					
Cash and cash equivalents	\$ 183,537	\$ -	\$ 89,710	\$ -	\$ 273,247
Equity in pooled cash and investments	19,877,677	29,361	7,752,656	1,990,963	29,650,657
Receivables					
Accounts, net	8,513	-	5,714,303	-	5,722,816
Loans	1,185,000	-	-	-	1,185,000
Accrued interest	2,290,946	-	-	-	2,290,946
Special assessments					
Current	-	-	660,371	-	660,371
Deferred	-	-	10,725,632	-	10,725,632
Due from other governmental units	7,105,014	-	-	-	7,105,014
Inventories	1,292,853	-	-	-	1,292,853
TOTAL ASSETS	\$ 31,943,540	\$ 29,361	\$ 24,942,672	\$ 1,990,963	\$ 58,906,536
LIABILITIES					
Accounts payable	\$ 6,010,306	\$ -	\$ 5,040,473	\$ -	\$ 11,050,779
Accrued liabilities	79,379	-	-	-	79,379
Indemnity bonds	43,867	-	-	-	43,867
Due to other funds	460,456	-	-	-	460,456
Due to other governmental units	380,476	-	-	-	380,476
Undistributed forfeitures	9,894	-	-	-	9,894
Unearned revenue	2,915	-	90,000	-	92,915
TOTAL LIABILITIES	6,987,293	-	5,130,473	-	12,117,766
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - loans and accrued interest receivable	3,460,485	-	5,515,000	-	8,975,485
Unavailable revenue - special assessments	-	-	10,748,337	-	10,748,337
TOTAL DEFERRED INFLOWS OF RESOURCES	3,460,485	-	16,263,337	-	19,723,822
FUND BALANCES					
Nonspendable	1,292,853	-	-	1,990,963	3,283,816
Restricted	19,712,369	29,361	1,493,362	-	21,235,092
Committed	490,540	-	2,055,500	-	2,546,040
TOTAL FUND BALANCES	21,495,762	29,361	3,548,862	1,990,963	27,064,948
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 31,943,540	\$ 29,361	\$ 24,942,672	\$ 1,990,963	\$ 58,906,536

CITY OF LANSING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Permanent Funds	Total
REVENUES					
Property taxes and special assessments	\$ 617,372	\$ -	\$ 1,497,297	\$ -	\$ 2,114,669
Intergovernmental	32,785,121	-	-	-	32,785,121
Charges for services	4,524,592	-	448,355	-	4,972,947
Fines and forfeits	68,934	-	-	-	68,934
Interest and rents	13,397	-	-	46,001	59,398
Other					
Donations and contributions	5,000	-	-	-	5,000
Other	431,497	-	78,286	-	509,783
TOTAL REVENUES	38,445,913	-	2,023,938	46,001	40,515,852
EXPENDITURES					
Current					
General government	3,331,523	-	-	-	3,331,523
Public safety	1,336,173	-	-	-	1,336,173
Highways and streets	10,857,448	-	-	-	10,857,448
Community and economic development	11,027,081	-	-	-	11,027,081
Debt service					
Principal	865,667	-	385,000	-	1,250,667
Interest and fiscal charges	381,756	-	-	-	381,756
Capital outlay	11,083,543	-	10,241,514	-	21,325,057
TOTAL EXPENDITURES	38,883,191	-	10,626,514	-	49,509,705
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(437,278)	-	(8,602,576)	46,001	(8,993,853)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	6,500	-	395,000	-	401,500
Transfers in	5,517,755	-	2,500,000	-	8,017,755
Transfers out	(3,826,276)	-	(810,000)	-	(4,636,276)
TOTAL OTHER FINANCING SOURCES (USES)	1,697,979	-	2,085,000	-	3,782,979
NET CHANGE IN FUND BALANCES	1,260,701	-	(6,517,576)	46,001	(5,210,874)
Fund balances, beginning of year	20,235,061	29,361	10,066,438	1,944,962	32,275,822
Fund balances, end of year	<u>\$ 21,495,762</u>	<u>\$ 29,361</u>	<u>\$ 3,548,862</u>	<u>\$ 1,990,963</u>	<u>\$ 27,064,948</u>

This page intentionally left blank.

**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.

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.

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, 2021

	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	10,677,600	3,884,507	296,351	253,147
Receivables				
Accounts, net	-	-	-	-
Loans	-	-	-	-
Accrued interest	-	-	-	-
Due from other governmental units	2,357,379	566,700	-	-
Inventories	1,292,853	-	-	-
TOTAL ASSETS	\$ 14,327,832	\$ 4,451,207	\$ 296,351	\$ 276,147
LIABILITIES				
Accounts payable	\$ 1,115,476	\$ 818,313	\$ 6,040	\$ 132,701
Accrued payroll and related	-	-	-	-
Indemnity bonds	43,867	-	-	-
Due to other funds	-	-	-	-
Due to other governmental units	66,955	-	-	-
Undistributed forfeitures	-	-	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	1,226,298	818,313	6,040	132,701
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	77,255	-	-	-
FUND BALANCES				
Nonspendable	1,292,853	-	-	-
Restricted	11,731,426	3,632,894	290,311	143,446
Committed	-	-	-	-
TOTAL FUND BALANCES	13,024,279	3,632,894	290,311	143,446
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 14,327,832	\$ 4,451,207	\$ 296,351	\$ 276,147

Community Development Block Grant Program	Downtown Lansing, Inc.	Building Department	Parks Department	CERA - MSHDA	Tri-County Metro	Total
\$ -	\$ -	\$ -	\$ -	\$ 135,537	\$ 25,000	\$ 183,537
-	186,728	3,589,300	490,540	-	499,504	19,877,677
-	-	8,513	-	-	-	8,513
1,185,000	-	-	-	-	-	1,185,000
2,290,946	-	-	-	-	-	2,290,946
493,233	-	-	-	3,650,967	36,735	7,105,014
-	-	-	-	-	-	1,292,853
<u>\$ 3,969,179</u>	<u>\$ 186,728</u>	<u>\$ 3,597,813</u>	<u>\$ 490,540</u>	<u>\$ 3,786,504</u>	<u>\$ 561,239</u>	<u>\$ 31,943,540</u>
\$ 106,095	\$ 3,271	\$ 6,090	\$ -	\$ 3,784,599	\$ 37,721	\$ 6,010,306
19,397	8,081	47,794	-	1,905	2,202	79,379
-	-	-	-	-	-	43,867
460,456	-	-	-	-	-	460,456
-	-	-	-	-	313,521	380,476
-	-	-	-	-	9,894	9,894
-	-	2,915	-	-	-	2,915
<u>585,948</u>	<u>11,352</u>	<u>56,799</u>	<u>-</u>	<u>3,786,504</u>	<u>363,338</u>	<u>6,987,293</u>
<u>3,383,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,460,485</u>
-	-	-	-	-	-	1,292,853
1	175,376	3,541,014	-	-	197,901	19,712,369
-	-	-	490,540	-	-	490,540
<u>1</u>	<u>175,376</u>	<u>3,541,014</u>	<u>490,540</u>	<u>-</u>	<u>197,901</u>	<u>21,495,762</u>
<u>\$ 3,969,179</u>	<u>\$ 186,728</u>	<u>\$ 3,597,813</u>	<u>\$ 490,540</u>	<u>\$ 3,786,504</u>	<u>\$ 561,239</u>	<u>\$ 31,943,540</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Major Streets	Local Streets	Drug Law Enforcement Federal	Drug Law Enforcement State and Local
REVENUES				
Property taxes and special assessments	\$ 156,180	\$ -	\$ -	\$ -
Intergovernmental	17,940,964	3,460,958	8,436	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	45,751
Interest and rents	6,835	4,961	270	307
Contributions	-	-	-	-
Other revenues	76,594	-	-	-
	<u>18,180,573</u>	<u>3,465,919</u>	<u>8,706</u>	<u>46,058</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	151,687	522,159
Highways and streets	5,758,962	5,098,486	-	-
Community development	-	-	-	-
Debt service				
Principal	623,370	242,297	-	-
Interest	126,594	250,776	-	-
Capital outlay	8,061,882	2,996,661	-	-
	<u>14,570,808</u>	<u>8,588,220</u>	<u>151,687</u>	<u>522,159</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,609,765</u>	<u>(5,122,301)</u>	<u>(142,981)</u>	<u>(476,101)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	6,500
Transfers in	-	5,424,755	-	-
Transfers out	(3,135,978)	(690,298)	-	-
	<u>(3,135,978)</u>	<u>4,734,457</u>	<u>-</u>	<u>6,500</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	473,787	(387,844)	(142,981)	(469,601)
Fund balances, beginning of year	<u>12,550,492</u>	<u>4,020,738</u>	<u>433,292</u>	<u>613,047</u>
Fund balances, end of year	<u>\$ 13,024,279</u>	<u>\$ 3,632,894</u>	<u>\$ 290,311</u>	<u>\$ 143,446</u>

Community Development Block Grant Program	Downtown Lansing, Inc.	Building Department	Parks Department	CERA - MSHDA	Tri-County Metro	Total
\$ -	\$ 461,192	\$ -	\$ -	\$ -	\$ -	\$ 617,372
2,457,689	75,000	-	-	8,373,574	468,500	32,785,121
-	676	4,523,916	-	-	-	4,524,592
-	-	-	-	-	23,183	68,934
-	206	-	373	-	445	13,397
-	5,000	-	-	-	-	5,000
204,122	150,781	-	-	-	-	431,497
<u>2,661,811</u>	<u>692,855</u>	<u>4,523,916</u>	<u>373</u>	<u>8,373,574</u>	<u>492,128</u>	<u>38,445,913</u>
-	665,026	2,659,987	-	6,510	-	3,331,523
-	-	-	-	-	662,327	1,336,173
-	-	-	-	-	-	10,857,448
2,664,403	-	-	-	8,362,678	-	11,027,081
-	-	-	-	-	-	865,667
-	-	-	-	4,386	-	381,756
-	25,000	-	-	-	-	11,083,543
<u>2,664,403</u>	<u>690,026</u>	<u>2,659,987</u>	<u>-</u>	<u>8,373,574</u>	<u>662,327</u>	<u>38,883,191</u>
<u>(2,592)</u>	<u>2,829</u>	<u>1,863,929</u>	<u>373</u>	<u>-</u>	<u>(170,199)</u>	<u>(437,278)</u>
-	-	-	-	-	-	6,500
-	93,000	-	-	-	-	5,517,755
-	-	-	-	-	-	(3,826,276)
<u>-</u>	<u>93,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,697,979</u>
(2,592)	95,829	1,863,929	373	-	(170,199)	1,260,701
2,593	79,547	1,677,085	490,167	-	368,100	20,235,061
<u>\$ 1</u>	<u>\$ 175,376</u>	<u>\$ 3,541,014</u>	<u>\$ 490,540</u>	<u>\$ -</u>	<u>\$ 197,901</u>	<u>\$ 21,495,762</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	<u>Major Streets Fund</u>			Variances with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	
REVENUES				
Property taxes and special assessments	\$ -	\$ -	\$ 156,180	\$ 156,180
Intergovernmental	12,467,778	12,467,778	17,940,964	5,473,186
Interest and rents	-	-	6,835	6,835
Other revenues	<u>78,000</u>	<u>78,000</u>	<u>76,594</u>	<u>(1,406)</u>
TOTAL REVENUES	<u>12,545,778</u>	<u>12,545,778</u>	<u>18,180,573</u>	<u>5,634,795</u>
EXPENDITURES				
Current				
Highways and streets	6,980,248	6,980,248	5,758,962	1,221,286
Debt service				
Principal	688,586	688,586	623,370	65,216
Interest	115,464	115,464	126,594	(11,130)
Capital outlay	<u>4,470,000</u>	<u>6,772,775</u>	<u>8,061,882</u>	<u>(1,289,107)</u>
TOTAL EXPENDITURES	<u>12,254,298</u>	<u>14,557,073</u>	<u>14,570,808</u>	<u>(13,735)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	291,480	(2,011,295)	3,609,765	5,621,060
OTHER FINANCING USES				
Transfers out	<u>(3,082,755)</u>	<u>(3,082,755)</u>	<u>(3,135,978)</u>	<u>(53,223)</u>
NET CHANGE IN FUND BALANCE	(2,791,275)	(5,094,050)	473,787	5,567,837
Fund balance, beginning of year	<u>12,550,492</u>	<u>12,550,492</u>	<u>12,550,492</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,759,217</u>	<u>\$ 7,456,442</u>	<u>\$ 13,024,279</u>	<u>\$ 5,567,837</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	<u>Local Streets Fund</u>			Variances with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	
REVENUES				
Property taxes and special assessments	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
Intergovernmental	3,969,259	3,969,259	3,460,958	(508,301)
Interest and rents	-	-	4,961	4,961
TOTAL REVENUES	<u>4,119,259</u>	<u>4,119,259</u>	<u>3,465,919</u>	<u>(653,340)</u>
EXPENDITURES				
Current				
Highways and streets	5,935,891	5,905,892	5,098,486	807,406
Debt service				
Principal	675,985	675,985	242,297	433,688
Interest	208,164	208,164	250,776	(42,612)
Capital outlay	3,295,000	5,062,461	2,996,661	2,065,800
TOTAL EXPENDITURES	<u>10,115,040</u>	<u>11,852,502</u>	<u>8,588,220</u>	<u>3,264,282</u>
EXCESS OF REVENUES UNDER EXPENDITURES	<u>(5,995,781)</u>	<u>(7,733,243)</u>	<u>(5,122,301)</u>	<u>2,610,942</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,424,755	5,282,755	5,424,755	142,000
Transfers out	-	-	(690,298)	(690,298)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,424,755</u>	<u>5,282,755</u>	<u>4,734,457</u>	<u>(548,298)</u>
NET CHANGE IN FUND BALANCE	<u>(571,026)</u>	<u>(2,450,488)</u>	<u>(387,844)</u>	<u>2,062,644</u>
Fund balance, beginning of year	<u>4,020,738</u>	<u>4,020,738</u>	<u>4,020,738</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,449,712</u>	<u>\$ 1,570,250</u>	<u>\$ 3,632,894</u>	<u>\$ 2,062,644</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	<u>Drug Law Enforcement Federal Fund</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 8,436	\$ 8,436
Interest and rents	5,000	5,000	270	(4,730)
TOTAL REVENUES	5,000	5,000	8,706	3,706
EXPENDITURES				
Current				
Public safety	62,800	62,800	151,687	(88,887)
NET CHANGE IN FUND BALANCE	(57,800)	(57,800)	(142,981)	(85,181)
Fund balance, beginning of year	433,292	433,292	433,292	-
Fund balance, end of year	<u>\$ 375,492</u>	<u>\$ 375,492</u>	<u>\$ 290,311</u>	<u>\$ (85,181)</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

Drug Law Enforcement State and Local Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 45,751	\$ 45,751
Interest and rents	10,000	10,000	307	(9,693)
TOTAL REVENUES	10,000	10,000	46,058	36,058
EXPENDITURES				
Current				
Public safety	184,000	523,200	522,159	1,041
EXCESS OF REVENUES UNDER EXPENDITURES	(174,000)	(513,200)	(476,101)	37,099
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	6,500	6,500
NET CHANGE IN FUND BALANCE	(174,000)	(513,200)	(469,601)	43,599
Fund balance, beginning of year	613,047	613,047	613,047	-
Fund balance, end of year	<u>\$ 439,047</u>	<u>\$ 99,847</u>	<u>\$ 143,446</u>	<u>\$ 43,599</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	<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	\$ 2,206,110	\$ 2,206,110	\$ 2,457,689	\$ 251,579
Other revenues	<u>115,000</u>	<u>115,000</u>	<u>204,122</u>	<u>89,122</u>
TOTAL REVENUES	<u>2,321,110</u>	<u>2,321,110</u>	<u>2,661,811</u>	<u>340,701</u>
EXPENDITURES				
Current				
Community development	<u>2,394,460</u>	<u>2,394,460</u>	<u>2,664,403</u>	<u>(269,943)</u>
EXCESS OF REVENUES UNDER EXPENDITURES	(73,350)	(73,350)	(2,592)	70,758
OTHER FINANCING SOURCES				
Transfers in	<u>73,350</u>	<u>73,350</u>	<u>-</u>	<u>(73,350)</u>
NET CHANGE IN FUND BALANCE	-	-	(2,592)	(2,592)
Fund balance, beginning of year	<u>2,593</u>	<u>2,593</u>	<u>2,593</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,593</u>	<u>\$ 2,593</u>	<u>\$ 1</u>	<u>\$ (2,592)</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	<u>Downtown Lansing, Inc. Fund</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Property taxes and special assessments	\$ 424,000	\$ 424,000	\$ 461,192	\$ 37,192
Intergovernmental	-	-	75,000	75,000
Charges for services	4,000	4,000	676	(3,324)
Interest and rents	-	-	206	206
Contributions	10,000	10,000	5,000	(5,000)
Other revenues	157,410	157,410	150,781	(6,629)
	<u>595,410</u>	<u>595,410</u>	<u>692,855</u>	<u>97,445</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government	693,241	693,241	665,026	28,215
Capital outlay	-	-	25,000	(25,000)
	<u>693,241</u>	<u>693,241</u>	<u>690,026</u>	<u>3,215</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(97,831)	(97,831)	2,829	100,660
OTHER FINANCING SOURCES				
Transfers in	93,000	93,000	93,000	-
	<u>93,000</u>	<u>93,000</u>	<u>93,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(4,831)	(4,831)	95,829	100,660
Fund balance, beginning of year	79,547	79,547	79,547	-
Fund balance, end of year	<u>\$ 74,716</u>	<u>\$ 74,716</u>	<u>\$ 175,376</u>	<u>\$ 100,660</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	<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>\$ 2,642,200</u>	<u>\$ 2,642,200</u>	<u>\$ 4,523,916</u>	<u>\$ 1,881,716</u>
EXPENDITURES				
Current				
General government	<u>2,847,058</u>	<u>2,847,058</u>	<u>2,659,987</u>	<u>187,071</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(204,858)</u>	<u>(204,858)</u>	<u>1,863,929</u>	<u>2,068,787</u>
OTHER FINANCING SOURCES				
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
NET CHANGE IN FUND BALANCE	<u>(169,858)</u>	<u>(169,858)</u>	<u>1,863,929</u>	<u>2,033,787</u>
Fund balance, beginning of year	<u>1,677,085</u>	<u>1,677,085</u>	<u>1,677,085</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,507,227</u></u>	<u><u>\$ 1,507,227</u></u>	<u><u>\$ 3,541,014</u></u>	<u><u>\$ 2,033,787</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, 2021

	<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>\$ 373</u>	<u>\$ 373</u>
NET CHANGE IN FUND BALANCE	-	-	373	373
Fund balance, beginning of year	<u>490,167</u>	<u>490,167</u>	<u>490,167</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 490,167</u></u>	<u><u>\$ 490,167</u></u>	<u><u>\$ 490,540</u></u>	<u><u>\$ 373</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, 2021

	<u>CERA-MSHDA Fund</u>			Variances with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,373,574</u>	<u>\$ 8,373,574</u>
EXPENDITURES				
Current				
General government	-	-	6,510	(6,510)
Community development	-	-	8,362,678	(8,362,678)
Debt service				
Interest	<u>-</u>	<u>-</u>	<u>4,386</u>	<u>(4,386)</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>8,373,574</u>	<u>(8,373,574)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><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, 2021

	<u>Tri County Metro Fund</u>			Variances with
	Original	Final		Final Budget
	Budget	Amended	Actual	Positive
		Budget		(Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 468,500	\$ 468,500
Fines and forfeitures	-	-	23,183	23,183
Interest and rents	-	-	445	445
TOTAL REVENUES	-	-	492,128	492,128
EXPENDITURES				
Current				
Public safety	366,000	366,000	662,327	(296,327)
NET CHANGE IN FUND BALANCE	(366,000)	(366,000)	(170,199)	195,801
Fund balance, beginning of year	368,100	368,100	368,100	-
Fund balance, end of year	<u>\$ 2,100</u>	<u>\$ 2,100</u>	<u>\$ 197,901</u>	<u>\$ 195,801</u>

This page intentionally left blank.

**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, 2021**

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

**CITY OF LANSING
NONMAJOR DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	<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>

This page intentionally left blank.

**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, 2021**

	Special Assessments	Montgomery Drain	Other Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 89,710	\$ 89,710
Equity in pooled cash and investments	-	855,696	6,896,960	7,752,656
Receivables				
Accounts receivable	-	-	5,714,303	5,714,303
Special assessments				
Current	22,705	637,666	-	660,371
Noncurrent	96,478	10,629,154	-	10,725,632
TOTAL ASSETS	<u>\$ 119,183</u>	<u>\$ 12,122,516</u>	<u>\$ 12,700,973</u>	<u>\$ 24,942,672</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 5,040,473	\$ 5,040,473
Unearned revenue	-	-	90,000	90,000
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>5,130,473</u>	<u>5,130,473</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - loans and accrued interest receivable	-	-	5,515,000	5,515,000
Unavailable revenue - special assessments	119,183	10,629,154	-	10,748,337
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>119,183</u>	<u>10,629,154</u>	<u>5,515,000</u>	<u>16,263,337</u>
FUND BALANCES				
Restricted	-	1,493,362	-	1,493,362
Committed	-	-	2,055,500	2,055,500
TOTAL FUND BALANCES	<u>-</u>	<u>1,493,362</u>	<u>2,055,500</u>	<u>3,548,862</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 119,183</u>	<u>\$ 12,122,516</u>	<u>\$ 12,700,973</u>	<u>\$ 24,942,672</u>

**CITY OF LANSING
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Assessments	Montgomery Drain	Other Capital Projects	Total
REVENUES				
Property taxes and special assessments	\$ 3,951	\$ 1,493,346	\$ -	\$ 1,497,297
Other revenue	78,286	-		78,286
Charges for services	-	16	448,339	448,355
TOTAL REVENUES	82,237	1,493,362	448,339	2,023,938
EXPENDITURES				
Debt service				
Principal	-	-	385,000	385,000
Capital outlay	-	-	10,241,514	10,241,514
TOTAL EXPENDITURES	-	-	10,626,514	10,626,514
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	82,237	1,493,362	(10,178,175)	(8,602,576)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	395,000	395,000
Transfers in	-	-	2,500,000	2,500,000
Transfers out	-	-	(810,000)	(810,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	2,085,000	2,085,000
NET CHANGE IN FUND BALANCES	82,237	1,493,362	(8,093,175)	(6,517,576)
Fund balances (deficit), beginning of year	(82,237)	-	10,148,675	10,066,438
Fund balances, end of year	\$ -	\$ 1,493,362	\$ 2,055,500	\$ 3,548,862

This page intentionally left blank.

**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, 2021**

	Cemetery <u>Perpetual Care</u>	<u>Parks Trust</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and investments	<u>\$ 1,989,657</u>	<u>\$ 1,306</u>	<u>\$ 1,990,963</u>
FUND BALANCES			
Nonspendable	<u>\$ 1,989,657</u>	<u>\$ 1,306</u>	<u>\$ 1,990,963</u>

**CITY OF LANSING
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	Cemetery Perpetual Care	Parks Trust	Total
REVENUES			
Interest and rents	\$ 46,001	\$ -	\$ 46,001
Fund balances, beginning of year	<u>1,943,656</u>	<u>1,306</u>	<u>1,944,962</u>
Fund balances, end of year	<u><u>\$ 1,989,657</u></u>	<u><u>\$ 1,306</u></u>	<u><u>\$ 1,990,963</u></u>

This page intentionally left blank.

**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, 2021

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 200	\$ -	\$ -	\$ -	\$ 200
Equity in pooled cash and investments	710,520	126,347	1,502,900	1,274,244	3,614,011
Accounts receivable, net	-	-	103	64,205	64,308
Inventories	45,079	-	-	-	45,079
Prepays	-	-	-	136,484	136,484
Total current assets	755,799	126,347	1,503,003	1,474,933	3,860,082
Noncurrent assets					
Capital assets not being depreciated	57,740	345,647	-	-	403,387
Capital assets being depreciated, net	67,569	1,664,389	-	21,465	1,753,423
Total noncurrent assets	125,309	2,010,036	-	21,465	2,156,810
TOTAL ASSETS	881,108	2,136,383	1,503,003	1,496,398	6,016,892
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflows of resources related to pension	78,932	-	126,291	251,830	457,053
Deferred outflows of resources related to OPEB	139,952	-	223,925	446,517	810,394
TOTAL DEFERRED OUTFLOWS OF RESOURCES	218,884	-	350,216	698,347	1,267,447
LIABILITIES					
Current liabilities					
Accounts payable	36,546	55	50,889	95,364	182,854
Accrued payroll	1,975	-	-	-	1,975
Accrued interest payable	-	-	-	580	580
Unearned revenue	-	-	324,913	-	324,913
Current portion of compensated absences	2,206	-	3,421	7,687	13,314
Current portion of bonds and notes payable	-	-	-	118,343	118,343
Total current liabilities	40,727	55	379,223	221,974	641,979
Noncurrent liabilities					
Compensated absences, net of current portion	39,453	-	57,830	129,933	227,216
Net pension liability	1,451,105	-	2,321,769	4,629,718	8,402,592
Net other postemployment benefit liability	775,640	-	1,241,026	2,474,665	4,491,331
Total noncurrent liabilities	2,266,198	-	3,620,625	7,234,316	13,121,139
TOTAL LIABILITIES	2,306,925	55	3,999,848	7,456,290	13,763,118
DEFERRED INFLOW OF RESOURCES					
Deferred inflows of resources related to pension	139,745	-	223,592	445,853	809,190
Deferred inflows of resources related to OPEB	858,594	-	1,373,750	2,739,323	4,971,667
TOTAL DEFERRED INFLOWS OF RESOURCES	998,339	-	1,597,342	3,185,176	5,780,857
NET POSITION					
Net investment in capital assets	125,309	2,010,036	-	(96,878)	2,038,467
Unrestricted (deficit)	(2,330,581)	126,292	(3,743,971)	(8,349,843)	(14,298,103)
TOTAL NET POSITION	\$ (2,205,272)	\$ 2,136,328	\$ (3,743,971)	\$ (8,446,721)	\$ (12,259,636)

**CITY OF LANSING
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Total
OPERATING REVENUES					
Charges for services	\$ 558,744	\$ -	\$ 2,796,524	\$ 4,504,054	\$ 7,859,322
OPERATING EXPENSES					
Personnel services	64,279	-	633,024	851,812	1,549,115
Purchase of goods and services	225,902	122,193	1,120,689	1,751,573	3,220,357
Depreciation	9,828	76,696	-	5,368	91,892
TOTAL OPERATING EXPENSES	300,009	198,889	1,753,713	2,608,753	4,861,364
OPERATING INCOME (LOSS)	258,735	(198,889)	1,042,811	1,895,301	2,997,958
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	-	-	-	1,230	1,230
Interest expense and fees	-	-	-	(4,986)	(4,986)
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-	-	(3,756)	(3,756)
NET INCOME (LOSS) BEFORE TRANSFERS	258,735	(198,889)	1,042,811	1,891,545	2,994,202
TRANSFERS					
Transfers in	330,000	130,000	-	-	460,000
Transfers out	-	(2,120,000)	-	-	(2,120,000)
TOTAL TRANSFERS	330,000	(1,990,000)	-	-	(1,660,000)
CHANGE IN NET POSITION	588,735	(2,188,889)	1,042,811	1,891,545	1,334,202
Net position (deficit), beginning of year	(2,794,007)	4,325,217	(4,786,782)	(10,338,266)	(13,593,838)
Net position (deficit), end of year	\$ (2,205,272)	\$ 2,136,328	\$ (3,743,971)	\$ (8,446,721)	\$ (12,259,636)

CITY OF LANSING
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 558,744	\$ -	\$ 2,859,288	\$ 4,439,849	\$ 7,857,881
Cash payments for good and services	(228,824)	(129,211)	(1,071,256)	(1,957,741)	(3,387,032)
Cash payments to employees	(454,409)	-	(1,195,470)	(2,266,206)	(3,916,085)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(124,489)	(129,211)	592,562	215,902	554,764
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	330,000	130,000	-	-	460,000
Transfers out	-	(2,120,000)	-	-	(2,120,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	330,000	(1,990,000)	-	-	(1,660,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term obligations	-	-	-	(234,554)	(234,554)
Interest paid on long-term obligations	-	-	-	(6,135)	(6,135)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	(240,689)	(240,689)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received	-	-	-	1,230	1,230
NET CHANGE IN CASH AND CASH EQUIVALENTS	205,511	(2,119,211)	592,562	(23,557)	(1,344,695)
Cash and cash equivalents, beginning of year	505,209	2,245,558	910,338	1,297,801	4,958,906
Cash and cash equivalents, end of year	<u>\$ 710,720</u>	<u>\$ 126,347</u>	<u>\$ 1,502,900</u>	<u>\$ 1,274,244</u>	<u>\$ 3,614,211</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 258,735	\$ (198,889)	\$ 1,042,811	\$ 1,895,301	\$ 2,997,958
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	9,828	76,696	-	5,368	91,892
Changes in:					
Accounts receivable	-	-	62,764	(64,205)	(1,441)
Inventory	409	-	-	-	409
Prepays	-	-	-	(136,484)	(136,484)
Deferred outflows - pension	96,632	-	150,564	315,204	562,400
Deferred outflows - OPEB	155,967	-	242,723	509,238	907,928
Accounts payable	(3,331)	(7,018)	49,433	(69,684)	(30,600)
Accrued payroll	585	-	-	-	585
Compensated absences	17,825	-	12,490	23,280	53,595
Net pension liability	(256,052)	-	(370,323)	(884,035)	(1,510,410)
Deferred inflows - pension	130,529	-	209,059	416,087	755,675
Net other postemployment benefit liability	(1,253,806)	-	(1,959,300)	(4,080,016)	(7,293,122)
Deferred inflows - OPEB	718,190	-	1,152,341	2,285,848	4,156,379
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (124,489)	\$ (129,211)	\$ 592,562	\$ 215,902	\$ 554,764

**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, 2021**

	Fleet Maintenance	Fringe Benefits	Engineering	Information Technology	Total
ASSETS					
Current assets					
Equity in pooled cash and investments	\$ 4,575,610	\$ 3,596,279	\$ 1,592,568	\$ 1,870,028	\$ 11,634,485
Accounts receivable, net	53,185	350,757	-	-	403,942
Inventories	458,932	-	-	-	458,932
Prepays	-	1,969,267	-	-	1,969,267
Total current assets	5,087,727	5,916,303	1,592,568	1,870,028	14,466,626
Noncurrent assets					
Capital assets not being depreciated	92,892	-	-	-	92,892
Capital assets being depreciated, net	8,716,291	-	1,385,454	-	10,101,745
Total noncurrent assets	8,809,183	-	1,385,454	-	10,194,637
TOTAL ASSETS	13,896,910	5,916,303	2,978,022	1,870,028	24,661,263
LIABILITIES					
Current liabilities					
Accounts payable	186,497	969,345	157	110,345	1,266,344
Accrued payroll	77,587	12,499	62,157	52,960	205,203
Accrued interest payable	5,046	-	-	-	5,046
Claims incurred but not reported	-	1,635,000	-	-	1,635,000
Current portion of:					
Bonds and notes payable	233,466	-	-	-	233,466
Compensated absences	-	-	25,953	-	25,953
Total current liabilities	502,596	2,616,844	88,267	163,305	3,371,012
Noncurrent liabilities					
Bonds and notes payable, net of current portion	1,165,929	-	-	-	1,165,929
Compensated absences, net of current portion	214,375	59,442	349,129	249,639	872,585
Total noncurrent liabilities	1,380,304	59,442	349,129	249,639	2,038,514
TOTAL LIABILITIES	1,882,900	2,676,286	437,396	412,944	5,409,526
NET POSITION					
Net investment in capital assets	7,409,788	-	1,385,454	-	8,795,242
Unrestricted	4,604,222	3,240,017	1,155,172	1,457,084	10,456,495
TOTAL NET POSITION	\$ 12,014,010	\$ 3,240,017	\$ 2,540,626	\$ 1,457,084	\$ 19,251,737

**CITY OF LANSING
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2021**

	Fleet Maintenance	Fringe Benefits	Engineering	Information Technology	Total
OPERATING REVENUES					
Charges for services	\$ 9,162,894	\$ 67,608,057	\$ 3,739,614	\$ 6,895,580	\$ 87,406,145
Intergovernmental	227,654	-	-	-	227,654
Miscellaneous	180	93,609	-	-	93,789
TOTAL OPERATING REVENUES	9,390,728	67,701,666	3,739,614	6,895,580	87,727,588
OPERATING EXPENSES					
Personnel services	3,400,513	308,895	2,749,077	2,042,548	8,501,033
Purchase of goods and services	3,445,722	66,839,821	1,142,723	4,129,298	75,557,564
Depreciation	2,213,292	-	44,887	-	2,258,179
TOTAL OPERATING EXPENSES	9,059,527	67,148,716	3,936,687	6,171,846	86,316,776
OPERATING INCOME (LOSS)	331,201	552,950	(197,073)	723,734	1,410,812
NONOPERATING REVENUES (EXPENSES)					
Gain on sale of capital assets	226,306	-	-	-	226,306
Interest expense and fees	(21,406)	-	-	-	(21,406)
TOTAL NONOPERATING REVENUES (EXPENSES)	204,900	-	-	-	204,900
INCOME (LOSS) BEFORE TRANSFERS	536,101	552,950	(197,073)	723,734	1,615,712
TRANSFERS					
Transfers in	2,005,000	-	-	-	2,005,000
CHANGE IN NET POSITION	2,541,101	552,950	(197,073)	723,734	3,620,712
Net position, beginning of year	9,472,909	2,687,067	2,737,699	733,350	15,631,025
Net position, end of year	\$ 12,014,010	\$ 3,240,017	\$ 2,540,626	\$ 1,457,084	\$ 19,251,737

**CITY OF LANSING
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	Fleet Maintenance	Fringe Benefits	Engineering	Information Technology	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from interfund services	\$ 9,115,889	\$ 68,829,468	\$ 3,739,614	\$ 6,895,580	\$ 88,580,551
Cash received for intergovernmental services	227,654	-	-	-	227,654
Cash payments for goods and services	(3,514,490)	(68,234,262)	(1,150,472)	(4,446,661)	(77,345,885)
Cash payments to employees	(3,372,394)	-	(2,729,758)	(2,013,276)	(8,115,428)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,456,659	595,206	(140,616)	435,643	3,346,892
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	2,005,000	-	-	-	2,005,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of capital assets	216,131	-	-	-	216,131
Purchase of capital assets	(1,771,074)	-	-	-	(1,771,074)
Proceeds from bond issuance	1,390,000	-	-	-	1,390,000
Principal paid on long-term obligations	(2,310,558)	-	-	-	(2,310,558)
Interest paid on long-term obligations	(13,061)	-	-	-	(13,061)
NET CASH (USED) BY RELATED FINANCING ACTIVITIES	(2,488,562)	-	-	-	(2,488,562)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,973,097	595,206	(140,616)	435,643	2,863,330
Cash and cash equivalents, beginning of year	2,602,513	3,001,073	1,733,184	1,434,385	8,771,155
Cash and cash equivalents, end of year	\$ 4,575,610	\$ 3,596,279	\$ 1,592,568	\$ 1,870,028	\$ 11,634,485
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 331,201	\$ 552,950	\$ (197,073)	\$ 723,734	\$ 1,410,812
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	2,213,292	-	44,887	-	2,258,179
Change in:					
Accounts receivable	(47,185)	191,809	-	-	144,624
Prepays	-	(1,594,708)	-	113,021	(1,481,687)
Inventories	(47,967)	-	-	-	(47,967)
Accounts payable	(20,801)	200,267	(7,749)	(430,384)	(258,667)
Accrued payroll	17,383	3,571	(1,037)	15,566	35,483
Claims incurred but not reported	-	1,235,000	-	-	1,235,000
Compensated absences	10,736	6,317	20,356	13,706	51,115
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 2,456,659	\$ 595,206	\$ (140,616)	\$ 435,643	\$ 3,346,892

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, 2021**

	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	\$ 9,879,841	\$ 2,196,275	\$ 14,241,918	\$ 2,047,327	\$ -	\$ -	\$ 28,365,361
Equity in pooled cash and investments	250,352	55,648	-	-	-	306,000	612,000
Investments							
Mutual funds	123,693,145	27,494,648	230,199,138	33,089,818	4,962,672	38,566,496	458,005,917
Domestic equities	37,090,480	8,244,512	78,491,007	11,282,637	-	-	135,108,636
International equities	832,340	185,013	1,651,246	237,357	-	-	2,905,956
Emerging market equities	9,153,064	2,034,553	17,238,189	2,477,892	-	1,079,507	31,983,205
Money market funds	3,386,910	752,846	2,865,929	411,961	-	224,277	7,641,923
Prepays	3,057	679	-	-	-	-	3,736
Dividends and interest receivable	22,352	4,968	47,280	6,796	-	4	81,400
Total assets	184,311,541	40,969,142	344,734,707	49,553,788	4,962,672	40,176,284	664,708,134
Liabilities							
Accounts payable	131,031	29,127	233,193	33,520	-	-	426,871
Due to other governments	5,759,447	1,586,386	9,061,878	1,302,725	4,653	-	17,715,089
Total liabilities	5,890,478	1,615,513	9,295,071	1,336,245	4,653	-	18,141,960
Net position restricted for:							
Pension benefits	178,421,063	-	335,439,636	-	4,958,019	-	518,818,718
Other postemployment benefits	-	39,353,629	-	48,217,543	-	40,176,284	127,747,456
Total net position	\$ 178,421,063	\$ 39,353,629	\$ 335,439,636	\$ 48,217,543	\$ 4,958,019	\$ 40,176,284	\$ 646,566,174

**CITY OF LANSING
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	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 in fair value of investments	\$ 37,049,261	\$ 3,237,815	\$ 70,286,802	\$ 3,408,741	\$ -	\$ 7,763,540	\$ 121,746,159
Interest income	(134,321)	-	(192,734)	-	1,053,977	-	726,922
Investment expenses	(867,656)	-	(1,183,979)	-	-	-	(2,051,635)
Net investment income	36,047,284	3,237,815	68,910,089	3,408,741	1,053,977	7,763,540	120,421,446
Contributions							
Employer	12,649,529	10,118,468	18,250,155	12,951,908	259,282	306,000	54,535,342
Plan members	1,172,409	-	3,207,122	-	281,022	-	4,660,553
Total contributions	13,821,938	10,118,468	21,457,277	12,951,908	540,304	306,000	59,195,895
Deductions							
Participant benefits	24,316,255	9,395,594	35,040,363	10,836,077	-	-	79,588,289
Administrative expense	20,367	625,659	24,177	815,831	184,047	103,215	1,773,296
Total deductions	24,336,622	10,021,253	35,064,540	11,651,908	184,047	103,215	81,361,585
Change in net position	25,532,600	3,335,030	55,302,826	4,708,741	1,410,234	7,966,325	98,255,756
Net position restricted for pension and other postemployment benefits							
Beginning of year	152,888,463	36,018,599	280,136,810	43,508,802	3,547,785	32,209,959	548,310,418
End of year	\$ 178,421,063	\$ 39,353,629	\$ 335,439,636	\$ 48,217,543	\$ 4,958,019	\$ 40,176,284	\$ 646,566,174

This page intentionally left blank.

**CITY OF LANSING
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	<u>54-A District Court</u>	<u>Current Tax Collection</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and investments	<u>\$ 107,611</u>	<u>\$ -</u>	<u>\$ 107,611</u>
LIABILITIES			
Due to individuals and agencies	<u>107,611</u>	<u>-</u>	<u>107,611</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, 2021**

	54-A District Court	Current Tax Collections	Total
ADDITIONS TO NET POSITION			
Collections from or on behalf of individuals	\$ 412,316	\$ -	\$ 412,316
Collections of taxes for other governments	<u>-</u>	<u>124,085,879</u>	<u>124,085,879</u>
TOTAL ADDITIONS	<u>412,316</u>	<u>124,085,879</u>	<u>124,498,195</u>
DEDUCTIONS FROM NET POSITION			
Payments to or on behalf of individuals	412,316	-	412,316
Payment of taxes collected for other governments	<u>-</u>	<u>124,085,879</u>	<u>124,085,879</u>
TOTAL DEDUCTIONS	<u>412,316</u>	<u>124,085,879</u>	<u>124,498,195</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

This page intentionally left blank.

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.	193
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.	198
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.	202
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.	207
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.	209

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

This page intentionally left blank.

**CITY OF LANSING
NET POSITION BY COMPONENT
2011-2020
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

Table 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 163,723,249	\$ 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
Restricted	14,524,584	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
Unrestricted	<u>(34,371,855)</u>	<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>
Total governmental activities net position	<u>\$ 143,875,978</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 209,584,457	\$ 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
Restricted	12,382,060	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
Unrestricted	<u>32,196,598</u>	<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>
Total business-type activities net position	<u>\$ 254,163,115</u>	<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>
Primary government										
Net investment in capital assets	\$ 373,307,706	\$ 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
Restricted	26,906,644	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
Unrestricted	<u>(2,175,257)</u>	<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>
Total primary government net position	<u>\$ 398,039,093</u>	<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>

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
2011-2020
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

Table 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
General government	\$ 30,841,776	\$ 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
Public safety	82,369,004	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
Public works	33,144,303	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
Recreation and culture	8,889,142	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
Community and economic development	13,623,946	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
Interest on long-term debt	1,949,825	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
Total governmental activities expenses	<u>170,817,996</u>	<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>
Business-type activities										
Sewage disposal system	26,836,597	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
Municipal parking system	9,491,376	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
Cemetery	639,000	633,050	722,270	632,485	708,545	886,579	1,379,877	470,220	1,652,255	300,009
Golf	810,372	892,117	935,671	852,634	845,575	802,564	(372,775)	278,501	229,467	198,889
Garbage and rubbish collection	1,558,024	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
Recycling	3,041,328	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
Total business-type activities expenses	<u>42,376,697</u>	<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>
Total primary government expenses	<u>\$ 213,194,693</u>	<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>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 6,428,110	\$ 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
Public safety	8,525,524	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
Public works	2,797,443	1,622,738	2,129,126	1,923,303	3,011,894	1,836,466	716,322	2,978,549	536,961	560,343
Recreation and culture	557,609	594,349	800,293	619,834	673,840	617,604	831,816	1,092,232	1,038,740	1,188,287
Community and economic development	67,344	67,349	67,323	67,264	67,272	67,312	-	-	-	-
Operating grants and contributions	31,928,983	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
Capital grants and contributions	260,656	3,124,288	3,365,682	2,910,660	904,298	63,488	855,760	3,313,872	285,075	15,693,491
Total governmental activities program revenues	<u>50,565,669</u>	<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>
Business-type activities										
Charges for services										
Sewage disposal system	29,915,799	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
Municipal parking system	6,858,606	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
Cemetery	240,394	314,913	289,565	335,379	312,929	403,663	351,204	415,757	403,030	558,744
Golf	390,134	373,000	366,567	363,559	313,164	256,218	179,464	-	3,091	-
Garbage and rubbish collection	1,459,101	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
Recycling	2,818,364	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
Operating grants and contributions	1,331,737	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	2,683,657	-	-	-	-	100,000	-	-	-	-
Total business-type activities program revenues	<u>45,697,792</u>	<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>
Total primary government program revenues	<u>\$ 96,263,461</u>	<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>
Net (Expense) Revenue										
Governmental activities	\$ (120,252,327)	\$ (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)
Business-type activities	3,321,095	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
Total primary government net expense	<u>\$ (116,931,232)</u>	<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>

CITY OF LANSING
CHANGES IN NET POSITION (concluded)
2011-2020
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)

Table 2

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities										
General revenues										
Property taxes	\$ 33,506,860	\$ 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
Income taxes	27,943,070	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
Unrestricted grants contributions	26,441,961	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
Unrestricted investment earnings	69,265	58,588	36,836	26,353	99,058	125,539	216,239	463,685	707,383	187,320
Miscellaneous	123,066	-	-	280,280	63,079	135,270	-	64,820	91,088	177,521
Transfers - internal activities	(464,008)	(583,117)	(705,637)	(644,485)	(629,715)	(746,209)	(912,186)	(580,817)	4,691,895	3,221,479
Total governmental activities	87,620,214	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
Business-type activities										
Unrestricted investment earnings	271,067	356,467	246,616	17,874	-	-	-	-	2,061,667	1,189,678
Miscellaneous	(1,300,561)	-	2,600	-	3,853	-	-	-	-	-
Transfers - internal activities	464,008	583,117	705,637	644,485	629,715	746,209	912,186	580,817	(4,691,895)	(3,221,479)
Gain on sale of assets	-	-	-	-	-	-	-	-	2,120,816	-
Total business-type activities	(565,486)	939,584	954,853	662,359	633,568	746,209	912,186	580,817	(509,412)	(2,031,801)
Total primary government	\$ 87,054,728	\$ 100,360,365	\$ 105,494,423	\$ 107,973,788	\$ 109,849,943	\$ 114,631,641	\$ 117,664,661	\$ 118,772,944	\$ 126,124,489	\$ 130,753,585
Change in Net Position										
Governmental activities	\$ (32,632,113)	\$ (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
Business-type activities	2,755,609	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
Total primary government	\$ (29,876,504)	\$ (13,946,689)	\$ (4,299,354)	\$ (635,560)	\$ (12,064,812)	\$ (4,391,364)	\$ 7,929,328	\$ (3,369,244)	\$ (55,561,005)	\$ 102,470,507

**CITY OF LANSING
FUND BALANCE
GOVERNMENTAL FUNDS
2011-2020
(UNAUDITED)**

Table 3

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Nonspendable	\$ 92,538	\$ 75,738	\$ 79,770	\$ 35,424	\$ 492,549	\$ 28,342	\$ 39,437	\$ 38,605	\$ 185,369	\$ 570,654
Restricted	16,256	9,400	36,854	10,044	-	-	-	-	-	-
Committed	65,373	2,976,408	2,038,608	837,761	428,106	385,067	283,815	-	-	7,972,836
Unassigned	<u>5,198,032</u>	<u>5,633,528</u>	<u>7,052,830</u>	<u>9,783,911</u>	<u>12,407,748</u>	<u>15,283,857</u>	<u>17,003,260</u>	<u>9,992,885</u>	<u>9,935,641</u>	<u>21,229,263</u>
Total general fund	<u>5,372,199</u>	<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>
All other governmental funds										
Nonspendable	2,852,004	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
Restricted	5,566,421	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
Committed	4,109,131	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
Unassigned (deficit)	<u>(543,774)</u>	<u>(619,931)</u>	<u>(522,157)</u>	<u>(528,144)</u>	<u>(410,252)</u>	<u>(411,098)</u>	<u>(155,261)</u>	<u>(115,546)</u>	<u>(82,237)</u>	<u>-</u>
Total all other governmental funds	<u>11,983,782</u>	<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>
Total all governmental funds	<u>\$ 17,355,981</u>	<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>

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
2011-2020
(UNAUDITED)**

Table 4

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Property taxes and special assessments	\$ 33,583,448	\$ 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
Income taxes	27,943,070	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
Licenses and permits	1,538,325	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
Intergovernmental revenue	41,431,793	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
Charges for services	18,676,398	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
Fines and forfeits	2,884,328	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
Interest and rents	63,571	53,179	56,550	87,035	145,011	201,367	284,165	631,812	911,454	402,443
Other	12,774,807	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
Total revenues	138,895,740	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
Expenditures										
Current Expenditures										
General government	25,038,589	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
Public safety	66,161,872	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
Public works	6,225,177	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
Highway and streets	8,589,298	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
Recreation and culture	6,996,562	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
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
Other	17,999,264	23,699,202	2,620,316	2,704,982	2,927,391	2,710,979	-	-	-	-
Debt service										
Principal	3,448,080	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
Interest and fiscal charges	1,836,218	1,421,600	3,485,104	931,079	1,275,957	1,120,518	949,318	1,000,307	823,907	798,387
Capital outlay	6,466,084	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
Total expenditures	142,761,144	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
Excess (deficiency) of revenues over expenditures	(3,865,404)	(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
Other financing sources (uses)										
Transfers in	7,893,879	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
Transfers out	(8,357,887)	(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)
Proceeds from borrowing	-	11,932,046	986,300	16,761,300	2,090,000	-	-	8,603,699	-	-
Proceeds from the sale of capital assets	1,398,936	497,833	167,737	110,533	268	97,255	128,976	-	92,353	490,735
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-
Payments to advance refunding escrow agent	-	(6,015,112)	-	-	(2,162,163)	-	-	(7,741,363)	-	-
Bond premium (discount)	-	-	-	40,945	80,175	-	-	780,670	-	-
Total other financing sources (uses)	934,928	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
Net change in fund balances	\$ (2,930,476)	\$ 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
 Debt service as a percentage of noncapital expenditures	 3.7%	 3.2%	 3.4%	 2.8%	 3.6%	 3.8%	 3.0%	 2.5%	 2.5%	 2.7%

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				
2012	\$ 1,387,390,250	\$ 183,233,681	\$ 726,967,400	\$ -	\$ -	\$ 2,297,591,331	15.70	\$ 4,177,384,562	55.0%
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%

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
2012	2011	15.44	.26	15.70	21.44	8.85	6.00	3.81	9.96	65.76
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

(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	2021			2012		
	Taxable Assessed Valuation	Rank	Percent of Total	Taxable Assessed Valuation	Rank	Percent of Total
General Motors LLC	\$ 71,441,142	1	2.34%	\$ 81,468,000	1	4.01%
Consumers Energy	49,945,991	2	1.63%	22,283,300	3	1.10%
Jackson National Life Insurance Company	37,692,945	3	1.23%	32,771,500	2	1.61%
Accident Fund	29,968,700	4	0.98%			
Lansing Properties LLC	24,281,751	5	0.79%			
Red Cedar Housing	19,869,000	6	0.65%			
Emergent BioSolutions	13,082,255	7	0.43%			
Lansing Retail Center	12,563,129	8	0.41%	10,661,000	6	0.52%
WP Lansing MI Owner LLC	11,042,800	9	0.36%			
Hunter Towne Properties	10,284,200	10	0.34%			
Demmer Corporation				14,898,600	4	0.73%
Comcast of Michigan LLC				11,644,000	5	0.57%
Sprint Spectrum L.P.				9,496,000	7	0.47%
Heart of the City Assoc				7,271,400	8	0.36%
Emergent BioSolutions				6,881,400	9	0.34%
Quality Dairy Co. #17				6,759,700	10	0.33%
	<u>\$ 280,171,913</u>		<u>9.16%</u>	<u>\$ 204,134,900</u>		<u>10.05%</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
2011	2012	\$ 39,948,762	\$ 39,863,393	99.79%	\$ 19,647	\$ 39,883,040	99.84%
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%

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	Special Assessment Bonds	Loans	General Obligation Bonds	Revenue Bonds	Lease Purchases	Loans				
2012	\$ 25,816,914	\$ 8,193,615	\$ -	\$ 512,577	\$ 189,536,530	\$ 30,135,311	\$ -	\$ 1,637,177	\$ 255,832,124	12.97%	3 \$ 2,230	114,738
2013	29,994,604	2,807,838	-	6,246,743	180,359,931	27,528,327	-	1,702,664	248,640,107	11.96%	3 2,191	113,488
2014	27,180,294	3,100,563	-	7,062,234	174,471,861	24,055,438	1,668,081	-	237,538,471	11.00%	3 2,082	114,113
2015	27,790,281	16,387,327	-	7,872,600	167,787,460	19,445,482	1,459,431	-	240,742,581	10.20%	3 2,118	113,659
2016	21,968,330	15,268,317	-	7,872,600	154,303,563	20,671,135	1,246,673	-	221,330,618	9.34%	3 1,940	114,110
2017	18,080,040	13,757,531	-	7,728,428	143,761,916	18,982,246	1,029,723	-	203,339,884	7.98%	3 1,732	117,400
2018	15,325,818	12,289,396	-	7,476,545	136,938,668	17,258,138	808,500	-	190,097,065	7.13%	3 1,625	116,986
2019	14,925,420	11,274,020	-	7,242,002	117,713,909	14,075,000	582,920	-	165,813,271	6.31%	3 1,413	117,388
2020	11,792,231	10,230,073	-	7,000,422	112,290,745	12,525,000	352,897	-	154,191,368	5.86%	3 1,304	118,210
2021	27,958,180	9,156,735	-	7,660,461	115,160,822	10,975,000	118,343	-	171,029,541	6.54%	3 1,518	112,664

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

(2) personal income data comes from U.S. Census Bureau, American Community Survey 2005

(3) 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
2012	114,738	\$ 2,297,591,331	\$ 215,353,444	\$ -	\$ 194,911,530	\$ 20,441,914	0.0089	\$ 178
2013	113,488	2,088,692,281	210,354,535	178	184,849,931	25,504,427	0.0122	225
2014	114,113	2,001,588,500	201,652,155	-	178,031,861	23,620,294	0.0118	207
2015	113,659	2,086,836,822	195,577,741	1,000	170,372,460	25,204,281	0.0121	222
2016	114,110	2,165,392,100	176,271,893	1,000	155,873,563	20,397,330	0.0094	179
2017	117,400	2,267,592,100	161,841,956	1,000	144,271,916	17,569,040	0.0077	150
2018	116,986	2,349,995,600	152,264,486	1,000	136,938,668	15,324,818	0.0065	131
2019	117,388	2,566,962,100	132,639,329	30,111	117,713,909	14,895,309	0.0058	127
2020	118,210	2,837,435,376	124,082,976	29,361	112,290,745	11,762,870	0.0041	100
2021	112,664	3,057,816,101	171,029,541	29,361	115,160,822	55,839,358	0.0183	496

(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, 2021
(UNAUDITED)**

Table 11

Overlapping

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Net direct - City	\$ 27,958,180	100.00%	\$ 27,958,180
Share of County-issued bonds			
Drain Commission	20,973,873	100.00%	20,973,873
Other Overlapping Debt			
Eaton Intermediate School District	3,045,000	1.75%	53,288
Ingham Intermediate School District	835,000	24.46%	204,241
Waverly School District	10,695,000	0.26%	27,807
Lansing School District	97,275,000	81.40%	79,181,850
East Lansing School District	98,598,377	4.99%	4,920,059
Holt School District	31,328,286	2.40%	751,879
Ingham County	96,538,872	12.75%	12,305,736
Eaton County	20,419,701	2.66%	543,164
Clinton County	7,676,047	0.29%	22,261
Lansing Community College	93,875,000	20.23%	18,990,913
Okemos School District	18,966,460	4.79%	908,493
Mason School District	50,740,000	1.32%	669,768
Grand Ledge School District	110,630,000	3.39%	3,750,357
Total Overlapping			\$ 143,303,689
Total Direct and Overlapping			\$ 171,261,869

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 2021

Assessed value, real and personal property	\$ 2,837,435,376
Legal debt margin	
Debt limitation - 10 percent of total valuation	<u>283,743,538</u>
Debt applicable to limit	
Total City Bonded Debt	171,029,541
City Share:	
Drain Commission-County Issued	20,973,873
TIF Supported Bonds	<u>26,955,000</u>
	218,958,414
Less:	
Michigan Transportation (MTF) Bonds	\$ (570,000)
Brownfield Redevelopment Authority Bonds	(28,390,000)
Sewage Disposal Revenue Bonds	(10,975,000)
Pollution Abatement (CSO Project) Bonds	(76,093,197)
Share of County-issued bonds	<u>(20,973,873)</u>
	<u>(137,002,070)</u>
Total net debt applicable to limit	<u>81,956,344</u>
Legal debt margin	<u>\$ 201,787,194</u>

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limit	\$ 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	\$ 233,669,637
Total net debt applicable to limit	<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>	<u>92,357,575</u>
Legal debt margin	<u>\$ 201,787,194</u>	<u>\$ 175,163,719</u>	<u>\$ 135,181,019</u>	<u>\$ 146,310,451</u>	<u>\$ 142,289,192</u>	<u>\$ 130,106,751</u>	<u>\$ 117,331,068</u>	<u>\$ 112,076,164</u>	<u>\$ 117,036,071</u>	<u>\$ 141,312,062</u>
Total net debt applicable to the limit as a percentage of debt limit	28.88%	31.76%	34.96%	37.37%	36.39%	39.92%	43.78%	45.37%	43.97%	39.52%

**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	
2012	\$ 30,178,511	\$ 12,562,663	\$ 17,615,848	\$ 3,040,000	\$ 1,448,856	\$ 4,488,856	3.92
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	9,732,606	28,902,815	1,550,000	535,688	2,085,688	13.86

(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>
2012	114,738	\$ 1,973,149,386	\$ 17,197	32.40	12,754	11.3%	58,087
2013	113,488	2,078,873,184	18,318	32.20	12,180	11.9%	57,714
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

(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	2021			2012		
	Employees (1)	Rank	Percentage of Employment (2)	Employees (1)	Rank	Percentage of Employment (2)
STATE OF MICHIGAN	15,729	1	6.44%	13,700	1	6.23%
MICHIGAN STATE UNIVERSITY	10,253	2	4.20%	10,725	2	4.88%
SPARROW HEALTH SYSTEM	7,600	3	3.11%	5,735	3	2.61%
GENERAL MOTORS	4,549	4	1.86%	5,522	4	2.51%
LANSING COMMUNITY COLLEGE	3,144	5	1.29%	2,990	6	1.36%
MCLAREN HEALTH ⁽³⁾	3,000	6	1.23%	2,400	7	1.09%
AUTO OWNERS INSURANCE GROUP	2,578	7	1.06%			
PECKHAM	2,510	8	1.03%			
JACKSON NATIONAL LIFE INS CO	2,500	9	1.02%			
DART CONTAINER CORP	2,000	10	0.82%			
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

Table 16

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

Function/Program	Full-time Equivalent Employees									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
City council	10	10	10	10	10	10	10	10	10	10
Mayor's office	5	5	5	5	6	6	7 (G)	7	11	12
City clerk	5	5	5	5	5	5	5	6	6	6
54-A district court	48	43	43	46	45	45	45	45	45	45
City attorney's office	10	10	10	11	11	11	11	12	11	12
City TV	2	2	2	2	2	2	2	2	3	2
Internal auditor	1	1	1	1	1	1	1	1	1	1
Human resources	9	9	10	10	12	12	11	11	11	11
Information technology	10	10	11	11	11	11	16	16	15	15
Finance										
Accounting/budget/purchasing	13	10	10	9	8 (E)	8	8	8	7	8
Treasury/income tax	10	20	9	9	10	11	11	13	16	14
Assessing	11		11	11	11	11	11	11	11	11
Property management	18	- (B)	-	-	-	-	-	-	-	-
Fleet management	27	- (B)	-	-	-	-	-	-	-	-
	179	125	127	130	132	133	138 #	142	147	147
Planning & neighborhood development										
Administration	2	2	2	2	2	2	2	2	3	3
Code compliance	15	15	- (D)	-	-	-	14 (F)	15	19	19
Building safety	13	12	13	13	13	13	13	13	15	14
Planning	4	4	4	4	4	4	3 (G)	4	4	3
Development	9	9	11	10	10	9	9	9	7	8
Parking & transportation	(C) 20	20	15	14	14	14	14	14	19	19
	63	62	45	43	43	42	55	57	67	66
Neighborhood & Citizen Engagement	-	-	-	-	-	-	1 (G)	5	5	5
Police	260	229 (C)	234 (D)	239	239	240	241	243	239	240
Fire	179	180	188	181	181	181	181	182	186	183
Code Compliance	-	-	14 (D)	14	14	14	- (F)	-	-	-
	179	180	202	195	195	195	181	182	186	183
Public services										
Administration & engineering	21	19	19	19	20	20	20	21	22	23
Operations & maintenance	(C) 121	120	117 (D)	117	117	117	118	118	113	116
Service garage	-	-	-	-	-	-	-	-	1	1
Wastewater	41	41	41	41	41	41	42	42	42	42
Property Management	-	18 (B)	18	18	18	16	16	16	19	18
Fleet Management	-	27 (B)	27	27	26	30	30	30	29	29
	183	225	222	222	222	224	226	227	226	229
Human relations & community services	5	5	6	7	7	8	9	10	11	10
Parks & recreation										
Administration & design	5	5	6	6	6	6	6	6	6	6
Leisure & special recreation	10	8	6	6	6	6	6	6	10	6
Cemeteries	1	1	1	1	1	1	1	1	1	1
Golf/ice arena	3	3	3	3	3	3	3	-	-	-
	19	17	16	16	16	16	16	13	17	13
Total	888	843	852	852	854	858	867	879	898	893

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Fire department responses	17,093	18,444	19,427	20,170	21,115	21,902	22,768	22,389	21,904	21,650
EMS related	14,851	15,918	16,235	17,376	18,275	18,827	19,264	19,655	18,975	18,381
Fire related	2,242	2,526	3,012	2,794	2,840	3,075	3,063	2,734	2,929	3,269
Police department responses	74,058	73,087	76,855	79,331	71,468	82,722	107,379	84,869	80,449	77,399
Arrests	8,043	7,196	5,656	4,510	3,880	5,710	4,507	4,418	3,524	2,446
Traffic violations	8,829	14,905	7,756	10,781	7,334	9,385	6,496	6,963	5,054	4,287
Public works										
Potholes filled	30,116	33,155	55,193	53,281	53,488	53,332	54,773	2,589	1,042	698
Streets resurfaced (miles)	5.0	6.0	4.6	4.0	8.8	8.7	6.0	4.6	11.0	13.6
Recreation										
Recreation participation	66,836	55,122	50,859	122,639	101,335	98,978	120,245	93,264	29,313	58,284
Pavilion rentals	198	199	185	206	242	180	202	222	78	140
Sewage disposal										
Average amount processed daily (gal)	12.82 million	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
Parking system										
Average number of monthly permits	2,735	2,718	2,891	3,077	3,218	2,581	3,310	2,500	869	1,203
Parking tickets issued	41,829	38,127	34,373	30,888	32,990	33,492	32,587	37,105	16,481	19,876
Cemetery										
Lots sold	115	113	93	138	115	162	88	103	121	119
Golf										
Annual rounds played	28,560	25,554	22,786	22,998	13,325	14,508	20,492	-	-	-
Garbage and rubbish										
Yards sent to landfill	18,705	17,985	18,829	19,667	20,115	20,007	20,492	20,957	22,825	27,865
Recycling										
Recycled goods sold (tons)	3,149	3,562	5,075	5,691	5,940	5,834	5,593	5,407	5,322	6,258
Yards composted	20,413	21,832	25,260	21,685	24,413	24,223	20,031	21,198	14,262	19,888

Source: The City of Lansing, Michigan

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

Table 18

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	60	60	61	60	60	60	60	58	58	60
Fire stations	6	6	6	6	6	6	6	8	8	8
Emergency Vehicles	0	0	0	0	0	0	0	55	27	31
Public works										
Streets (miles)	407.80	411.00	411.00	414.00	414.00	414.00	414.00	413.00	413.23	413.23
Traffic signals	204	200	200	200	200	200	200	184	206	206
Recreation										
Park acreage	2,434.88	2,364.85	2,364.85	2,363.45	2,134.26	2,134.26	2,017.56	2,174	1,659	1,659
Playgrounds	73	75	72	72	74	74	74	76	77	76
Baseball/softball fields	61	61	61	47	25	25	25	22	22	22
Soccer/football fields	6	6	6	6	14	15	15	15	16	16
Community centers	4	4	4	4	4	4	4	4	4	4
Sewage disposal										
Sanitary sewers (miles)	359	359	359	361	361	361	363	364	365	365
Storm sewers (miles)	234	234	234	235	235	235	237	238	239	239
Combined sewers (miles)	187.6	188	188	188	188	188	187	185	185	184
Parking system										
Ramps	4	4	4	4	4	4	4	3	3	3
Lots	15	18	17	17	16	16	16	16	16	17
Meters	2,452	2,452	2,452	2,166	2,166	2,166	2,166	2166	500	200
On-street Pay Stations									134	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	19	17	17	17	14	14	16	8	7	7
Recycling										
Recycling trucks	7	7	7	7	5	5	7	8	8	8
Compost trucks	0	0	0	0	0	0	0	8	7	7

Sources: The City of Lansing, Michigan

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the 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, the 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the following deficiencies to be material weaknesses:

2021-001 MATERIAL JOURNAL ENTRIES

Condition: Material journal entries for the proper recognition of various financial statement amounts within the City's accounting records were recorded after year end, some of which were proposed by the auditors. In addition, we received several revisions to the City's trial balance (the final version coming in early December 2021), each of which contained material corrections to previous trial balances. A similar issue was noted and reported last year as 2020-001.

Criteria: Management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows, including the recording of all appropriate journal entries to assure the trial balance from which the financial statements are prepared, reflect amounts that are in conformity with U.S. generally accepted accounting principles.

Cause: Over the past several years, the City's Finance Department, who prepares the reconciliations of all accounts, has reduced in size due to budget reductions, staffing reductions, and staffing turnover. In addition, the Finance Department relies significantly on other Departments providing information to them for proper recording of transactions in the financial statements. A number of these Departments were behind in getting this information to the Finance Department. These issues have placed a significant burden on the month and year end close processes and have contributed to journal entries not being completed in a timely manner. We noted that this process did improve in the current fiscal year, however this was still a systemic issue for the City.

Effect: The accounting records were initially misstated by amounts material to the financial statements. Certain applicable adjustments were brought to the attention of management and were subsequently recorded in the general ledger.

Recommendation: We recommend that the City take steps to assure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: Management of the City will continue to review auditor recommendations/corrections and internal procedures related to the identification and correction of potential errors in the financial statements prior to the beginning of future audits. The Finance team will meet to review adjustments made to this year's financial statements and will develop a plan to address the most significant issues in a timelier manner going forward. Within budget constraints, Management will look to increase staffing levels and/or obtain temporary assistance earlier in the fiscal year, both within the Finance Department as well as other key Departments, in order to perform more timely analyses of the various account balances.

2021-002 RECONCILING ITEMS ON BANK RECONCILIATIONS

Condition: During the course of the audit, we noted that there are many old reconciling items on the bank reconciliations that had not been resolved for several years. In addition, while the City made improvement in the timing of completing bank reconciliations over the course of the fiscal year, they were still several months behind what would be considered timely, which would normally be approximately 30 to 45 days after month end. A similar issue was noted and reported last year as 2020-002.

Criteria: Clearing of old reconciling items from the bank reconciliation and completion of timely bank account reconciliations and review thereof, represent an important control used to detect and prevent misstatements and errors. Such reconciliations should be completed and reviewed monthly for all accounts.

Cause: Over the past several years, the City's Finance Department, who prepares the reconciliations of most bank accounts, has reduced in size due to staffing reductions and staffing turnover. These changes have placed a significant burden on the month and year end close processes and have contributed to reconciliations not being completed timely and reconciling items not being cleared in a timely manner.

2021-002 RECONCILING ITEMS ON BANK RECONCILIATIONS (continued)

Effect: As a result of this condition, all activities that have cash transactions have an increased risk that misstatements in the accounting records, whether caused by error or fraud, would not be detected and corrected on a timely basis.

Recommendation: We recommend the City take steps to assure that all differences be resolved in a timely manner and that all bank reconciliations are completed and tied to the general ledger in a timely fashion.

Correction Action Response: First, we would like to point out the significant improvements made during the current fiscal year.

- a. We completed and signed off on the pooled cash account reconciliation the first week of October. Significant improvement from the prior years when this was done in December.
- b. Wire transfers are now being processed on a regular basis, within 30 days and often less.
- c. The Cleared Check file is received from the bank approximately 15 days after month end and they are now cleared in our system the same week that the file is received.
- d. Treasury is posting cash receipts daily now (typically the following business day) so that the various departments can review their transactions and verify the postings and identify any errors in a timely manner. Treasury then provides Finance and Cash Receipt documents 30 days after month end and Finance processes them right away (about a 2-week process).
- e. Finance and Treasury worked with other Departments to train them to review and identify posting errors earlier.
- f. Multiple Finance team members are in the bank's website looking at the pooled cash account each week to review whether certain wire transfers, ACHs, or other activity has posted and whether that week's wire transfers have been approved and posted to the account. As part of looking through the account activity for these items, we review other significant postings to the account and if anything looks odd, we investigate it to verify its validity.
- g. Duties have been split to provide Finance team members more time to work on the pooled account bank reconciliation.
- h. Significant improvements have been made on the Payroll and Income Tax accounts and most months were reconciled within 45 days of month end.
- i. The other smaller bank accounts and numerous Retirement accounts are now being completed as soon as the bank statements arrive, often within a 30-day window or less.

Management of the City will work on several areas of improvement to alleviate this issue.

- a. We issued an RFI for banking services and have reviewed the responses. We will be meeting with/interviewing the top 3 or 4 banks and ultimately, we will issue an RFP for banking services. One of the goals is to reduce the number of bank accounts we have and use their expertise to improve our bank account management processes.
- b. We will assign the responsibility for each of the bank accounts to various Finance team members, including using City Treasury staff, who will be responsible for reconciling those statements in a timely manner.

2021-002 RECONCILING ITEMS ON BANK RECONCILIATIONS (concluded)

- c. We will review the old outstanding reconciling items with the view toward clearing them up before the end of the next fiscal year.
- d. Management will look to increase staffing levels and/or obtain temporary assistance earlier in the fiscal year, both in the Finance Department as well as other key Departments, in order to perform more timely analyses of the various account balances.

2021-003 PENSION AND OPEB ACTIVITY

Condition: Actuarial valuations for the pension and other postemployment benefit (OPEB) plans, the GASB 67/68 related information for the defined benefit pension plans, and the GASB 74/75 related information for the other postemployment benefit plans were not issued in final form until early December 2021, and the related account balances were not adjusted until the end of audit fieldwork. Also, as of the completion of audit fieldwork, the City had not verified that pension census data and other information provided to the Actuary were properly recorded by the Actuary. Also, it appeared the City may not be in full compliance with P.A. 202 of 2017 in regards to the length of time the Actuary has conducted the calculations without bidding of these services. A similar issue was noted and reported last year as 2020-003.

Based on the information that we could analyze; these discrepancies did not materially impact the final valuations, or the amounts reported in the audited financial statements, but these systemic issues increase the risk that errors could occur that would materially affect the amounts reported in the financial statements and those errors would go undetected.

Criteria: The City is required to obtain actuarial valuations and other reports for its various pension and other postemployment benefit (OPEB) plans each year. These valuations and other reports should be obtained far enough in advance to be audited and used to calculate amounts to be included in the audited financial statements in a timely fashion. Management is responsible for accurate and timely compilation of data necessary for the contracted actuary to process and complete reporting necessary for the proper reporting of pension and OPEB information in the annual financial statements. P.A. 202 of 2017 has specific language that the City shall follow.

Cause: Proper internal control procedures and related policies have not been developed and put in place by the City surrounding certain of aspects of the pension and OPEB activities under the control of the City.

Effect: Without proper internal control procedures and related policies related to the pension and OPEB activity, there is a risk that material misstatements of the financial statements would go undetected.

Recommendation: We recommend that the City take steps to assure that all data be submitted to the Actuary and then received back from the Actuary timely, and the valuation and other reports returned be reconciled to the underlying submitted documentation and that they follow P.A. 202. We also recommend all pension/OPEB plan contributions be made more regularly and the fiduciary plan statement be reconciled with the general ledger.

Corrective Action Response: Management of the City will have discussions with the Retirement Plan Boards to evaluate the requirements of P.A. 202 of 2017, P.A. 314 of 1965, and other applicable Public Acts to ensure compliance and implement any necessary changes accordingly. We will also continue to build on the improvements made during FY21 in terms of the timing of receipt of the final actuarial valuations.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described below to be significant deficiencies:

2021-004 RECONCILIATION OF CERTAIN REVENUE TRANSACTIONS

Condition: During our analysis of utility revenues that the Lansing BWL processes for the City, it was determined that BWL handles all aspects of utility billings and collections and provides the City with payments for a portion of this activity. We were unable to verify the procedures performed by the City to reconcile and verify the accuracy of the amounts remitted to the City by BWL. A similar issue was noted and reported last year as 2020-004.

Criteria: Sufficient internal controls should be in place so that all receipt transactions are adequately supported, reviewed, approved, and reconciled to assure inappropriately activity, whether intentional or unintentional, is mitigated.

Cause: Specific internal controls over these revenue sources were not put in place by the City to account for and reconcile these transactions.

Effect: The City is susceptible to the potential of inappropriate transactions occurring or there being material misstatements to financial data as the internal controls and segregation of duties in these areas appear to not be sufficient.

Recommendation: We recommend that the City evaluate all aspects of their accounting functions in this area and consider taking action to correct the above deficiency, such as implementing reconciliation processes for all material revenue streams coming into the City. A comparison and analysis of funds received from BWL with the City's expected collections should be conducted.

Corrective Action Response: Last year the City started a process to verify that we are actually receiving revenue from BWL facilities. We are now working to develop a process to verify the other utility revenue data. We are in the process of reconciling BWL and Westside Water payments for sanitary sewage. The future information that the City will be getting will include usage by rate code type with amount billed, amount received, and a line for BWL's billing charge. This still does not give 100% certainty on the revenue since BWL is doing the meter reading and billing, so the City is planning to do some spot verification of bills to confirm that BWL is billing things at the correct rate.

2021-005 RECONCILIATIONS OF MATERIAL LIABILITY ACCOUNTS

Condition: We noted certain material payroll related liability accounts that were not reconciled throughout the year to supporting documentation and adjusted to the general ledger as needed. A similar issue was noted and reported last year as 2020.005.

Criteria: The City is required to have a comprehensive accounting system to account for all financial information under its control. All activity under the control of the City must be included in the general ledger and ending asset and liability balances should be reconciled to supporting documentation periodically.

Cause: Over the past several years, the City's Finance Department, who prepares the reconciliations of all accounts, has reduced in size due to budget reductions, staffing reductions, and staffing turnover. In addition, the Finance Department relies significantly on other Departments providing information to them for proper recording of transactions in the financial statements. A number of these Departments were behind in getting this information to the Finance Department. These issues have placed a significant burden on the month and year end close processes and have contributed to account analyses not being completed in a timely manner. We noted that this process did improve in the current fiscal year, however this was still a systemic issue for the City.

2021-005 RECONCILIATIONS OF MATERIAL LIABILITY ACCOUNTS (concluded)

Effect: The City's general ledger was misstated in relation to these accounts prior to auditor proposed journal entries. There is a potential for material misstatement when material accounts are not reconciled to supporting documentation on a periodic basis.

Recommendation: We recommend all material accounts be reconciled periodically to supporting documentation.

Corrective Action Response: Management of the City will continue to review auditor recommendations/ corrections and internal procedures related to the identification and correction of potential errors in the financial statements prior to the beginning of future audits. The Finance team will meet to review adjustments made to these liability accounts and will develop a plan to address the most significant issues in a timelier manner going forward, at least quarterly. Within budget constraints, Management will look to increase staffing levels and/or obtain temporary assistance earlier in the fiscal year, both within the Finance Department as well as other key Departments, in order to perform more timely analyses of the various account balances.

2021-006 PAYROLL PROCESS

Condition: The City currently has procedures in place to ensure that employees are being paid at the correct rate and for the actual number of hours worked, but much of the data entry of this process is manual and payroll can be submitted and paid before applicable department management reviews and approves their departmental staff payroll data. While no inappropriate transactions were noted during our testing of the payroll process, this is a systemic issue. A similar issue was noted and reported last year as 2020.007.

Criteria: Payroll should be reviewed and approved prior to disbursement of funds.

Cause: Proper up-front detective internal controls over the payroll process were not put in place to prevent inaccurate amounts being paid to an employee.

Effect: Unauthorized amounts could be disbursed either as a result of an error or fraud and those transactions could go undetected by management until "after the fact".

Recommendation: We recommend an appropriate level of management, with no other access to the payroll process, be authorized to approve payroll for their respective departments. There also should be an overarching review of the payroll reports prior to each disbursement and that review should be documented.

Corrective Action Response: The Human Resources Department, to whom Payroll reports, will work to implement appropriate corrective action over the payroll process noted above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

2021-007 UNFAVORABLE BUDGET VARIANCES

Condition: We noted that expenditures had exceeded the amounts appropriated for various areas of the General Fund and one Special Revenue Fund.

Criteria: The Uniform Budgeting and Accounting Act requires the City to amend the original adopted budget “as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined.” The Act also states that “an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body.”

Cause: The City did not adequately monitor expenditures in relation to budgeted amounts in the areas where the overages occurred.

Effect: Having unfavorable budget variances as described above, the City is not in compliance with Public Act 621 of 1978, as amended.

Recommendation: We recommend the City monitor expenditures against adopted budgets in all applicable funds and make appropriate budget amendments as needed.

Corrective Action Response: The City will continue to make improvements in control of revenue and expenditures and budget conservatively in order to maintain the City’s fiscal health. The Finance Department has added a budget analyst as part of its team and is working with departments to be more proactive and responsive to City needs and to identify necessary changes during the fiscal year.

City of Lansing’s Responses to Findings

The City’s responses to the findings identified in our audit are described above. The City’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maney Costeiran PC

December 17, 2021

December 17, 2021

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

We have audited the 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), for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to City Council dated May 21, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Lansing are described in Note 1 to the financial statements. As described in Note 20 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental activities, the business-type activities, the aggregate discretely presented component units, the General Fund, the Sewage Disposal System Fund, the Municipal Parking System Fund, and the aggregate remaining fund information was:

Management's calculation of the fair market value of pooled investments, which is defined as the amount that the City could reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, is generally measured by quoted market prices. The City's investments are carried at fair market value.

Management's calculation of the percentages for the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.

Management's calculation of the income tax receivable balance is based on past experience utilizing the first 45 days collections of income tax withholdings.

The most sensitive estimates affecting the governmental activities, the business-type activities, the aggregate discretely presented component units, the Sewage Disposal System Fund, the Municipal Parking System Fund, and the aggregate remaining fund information were:

Management's calculation of depreciation expense for the current period is based on an estimate of the useful lives of the capital assets.

Management's calculation of the net pension asset and changes therein was based on actuarial assumptions and the use of a specialist (actuary).

Management's calculation of the percentages for current and noncurrent compensated absence payments is based on an estimate of the percentage of employees' use of compensated absences.

Management's calculation of the net other post-employment benefits liability is calculated using the individual entry age actuarial method of calculation based upon certain actuarial assumptions.

The most sensitive estimate affecting the governmental activities and the aggregate remaining fund information was:

Management's calculation of the liability for uninsured risks of loss, including incurred but not reported claims based on an estimate of reported claims and calculation provided by the City's third-party administrators.

The most sensitive estimate affecting the Sewage Disposal System Fund, the Municipal Parking Fund, and business-type activities was:

Management's calculation of the leases receivable balances is based on past experience and future estimates of lease collections.

We evaluated the key factors and assumptions used to develop the estimations in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements detected as a result of audit procedures and corrected by management are described in connection with our report on internal control over financial reporting.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 17, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management’s discussion and analysis, budgetary comparison information, and the historical pension and other post-employment benefits supplementary information, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements and budgetary comparison schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the City Council of the City of Lansing and management of the City of Lansing and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC