

CITY OF LANSING, MICHIGAN
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023



Andy Schor, Mayor

Prepared by:
Department of Finance

Chief Financial Officer/Finance Director
Desiree A. Kirkland

Controller
Cynthia Gill

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INTRODUCTORY SECTION

CITY OF LANSING, MICHIGAN

LANSING CITY GOVERNMENT

Fiscal Year Ended June 30, 2023

MAYOR

Andy Schor

CITY COUNCIL

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

CLERK

Chris Swope

DISTRICT COURT JUDGES

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

OFFICERS

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

Christopher Mumby
Jake Brower
Elizabeth O'Leary
Sharon Frischman
Jim Smiertka
Scott Bean
Desiree A. Kirkland
Anethia Brewer
Shelbi Frayer
Mark Lawrence
Jorda Hankwitz
Brian Sturdivant
Kimberly Coleman
Emily Linden
DeLisa Fountain
Brett Kaschinske
Ellery Sosebee
Andy Kilpatrick



Andy Schor, Mayor

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

December 18, 2023

Council President Carol Wood and Council Members
10th Floor City Hall
Lansing, Michigan 48933-1694

Dear President Wood 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, 2023.

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

The City's fiscal year 2022/2023 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, 2023, 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 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, 2023, the City operated a police headquarters and precinct with 211 sworn police officers, six fire stations with a fire protection force of 170, over 365 miles of sanitary sewers, 239 miles of storm sewers and 184 miles of combined sewers, over 413 miles of roads, 113 parks, a District Court and support for human services and cultural events. The City's main sources of revenue are property taxes, income taxes, State revenue sharing, Federal entitlement grants and charges for services including utility billings.

Reporting Entity

The financial reporting entity (the City) includes all of the funds of the primary government (i.e., the City as legally defined) as well as its blended component unit the Lansing Building Authority. Blended component units, although legally separate entities, are in substance part of the primary government's operations and are included as part of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Lansing Entertainment & Public Facilities Authority, Tax increment Finance Authority, 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, 2023, 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, policymaking 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, health care, education, and industries. With Michigan State University, Davenport University, Western Michigan University, and Lansing Community College, the region has a strong higher education presence. The metro Lansing region is also home to several national insurance company headquarters and healthcare services with two major hospitals in the City and a wide variety of technology firms. Manufacturing also has a strong presence, especially in the automotive and biotech engineering sectors, with two General Motors assembly plants and related facilities located in the City, including a Logistics Center and a regional stamping plant, automotive suppliers throughout the region, production of particle accelerators, and vaccine research and production. Within the City, major taxpayers and employers include, but are not limited to, the health care sector - Sparrow Health Systems and McLaren Health Care Corporation, manufacturing - General Motors, research sector - Emergent BioSolutions, Neogen Corporation, and Niowave, Inc., and financial services and insurance - Jackson National Life and AF Group.

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

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

- 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 2022/2023 City of Lansing budget.
- City View, Building #2: The second phase of the City View project, which includes a new building with 117 residential units, was completed in mid-2023 and units are available to lease. The total project investment is estimated at \$32,000,000.
- Lansing Shuffleboard and Social Club: The Lansing Shuffle project includes a full renovation of the former Lansing City Market building and upgrades to the patio. Lansing Shuffle opened in January 2023 and offers a variety of food and drink options from local food entrepreneurs as well as community event space. Full-sized shuffleboard courts and an additional two restaurants are expected to open in early 2024. Voted as Best New Business of 2023 in the local "Top of the Town" awards, this project serves as a hub for delicious food and unique entertainment and continues the momentum of riverfront activation, adding to the flourishing lifestyle amenities in downtown Lansing. The total project investment is estimated at over \$3,000,000.
- Grewal Hall/Hall 224: The transformation of 224 S. Washington Sq. into a live music and event venue is nearing completion. The estimated \$1.4 million development opened in 2023 and has a capacity of about 600 for general admission and 250 people for tabled events.
- Grand River Pedway Improvements: The complete refurbishment of the city owned pedway that provides pedestrian access across the Grand River reopened to the public in 2023. The Lansing Brownfield Redevelopment Authority was able to leverage private development investment from its Brownfield Revolving Fund to help finance this important public improvement. The updated pedway will promote stronger connections across downtown and improve access to several assets such as the river trail, the Lansing Center, and numerous local businesses.
- Holmes Street School Redevelopment: Lofts in the recently converted former Holmes Street School became available to new tenants in 2023. The project includes 47 new residential units that incorporate many of the original details of the building in the redevelopment such as high ceilings, large windows, and original terrazzo as well as using reclaimed wood floors.

- Moneyball Sportswear: The new Moneyball Sportswear Headquarters opened in spring 2023. Moneyball Sportswear is well known local business and premier retailer for athletic wear. When Moneyball owner and founder Desmond Ferguson looked for a new headquarters and main retail store location for his expanding business, he wanted to invest back in the community and the 927 W. Saginaw St. property was the perfect opportunity. The complete renovation and reactivation of this dilapidated and long vacant commercial building in a key commercial focus area along West Saginaw further catalyzes investment in the area by building on recent improvements and new businesses in the 900 block, several of which were supported in part by the City of Lansing Façade Improvement Program. Furthermore, this project is located in a Neighborhood of Focus within the Saginaw Street Corridor Improvement Authority Development Area (SSCIA) and aligns with the Authority's mission to enhance the corridor by attracting investment in commercial properties and reinvigorating commercial/retail activities.

Future development projects currently underway include:

- \$175 million Lansing public safety bond will pay for newly constructed public safety and courts campus. This new facility will house the headquarters of the Lansing Fire Department, the Lansing Police Department, a new fire station, temporary detention facility, and the 54-A District Court. The new, central location for public safety services will be on S. Washington Ave, next to the City's South Washington Office Complex.
- The Ovation Music and Arts Center, which will be located downtown next to the former Lake Trust location will be a new, state of the art live performance venue.

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

For the year 2023, the City and our EDC was able to get 3 projects from the Prospect to the Approved stage. These projects represent nearly \$30 million in new investment in Lansing and are now ready to start construction or are already underway.

- Notable Real Estate and Placemaking Projects
 - 230 W. Holmes Redevelopment Project: Multi-Family Residential and Commercial
 - 505/507 E. Shiawassee St.: Commercial Redevelopment
- Notable Business Development Projects
 - New Consumers Energy Service Center

Commercial Corridor Improvement

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

The S. Martin Luther King Corridor Improvement Authority (SMLKCIA) with the assistance of Lansing EDC staff has been in contact with vendors, supporting businesses and local organizations to begin implementing a traffic safety programs as well as transit improvements. These measures strive to cut down on the number of deaths on the corridor as well as encourage more pedestrian activity. In conjunction with CATA and with the assistance of the Thriving Communities Grant the corridor is looking at improving or establishing 4 bus shelters with murals along Martin Luther King. The corridor is also working with local business owners on applying for the facade improvement grant to improve the front facing look of businesses on MLK. The MLK CIA has also been very influential in assisting with the redevelopment plan for the Logan Square shopping center. Finally, The SMLKCIA is working with the city to demolish abandoned buildings along the corridor.

The Saginaw Street Corridor Improvement Authority (SSCIA) has been working on a marketing and communications outreach program. So far this year they have attracted the interest of numerous businesses along the corridor. These local businesses have been attending the monthly meetings and have shown interest in joining the board. The SSCIA has also established a communications and marketing subcommittee made-up of individuals from the community as well as the board and they have also established a beautification project which started in the fall of 2023 and will be completed early spring of 2024. This beautification project will enhance and beautify the entrance to the West side neighborhood as well as West Saginaw corridor at a place marking landmark called the point.

The Michigan Avenue Corridor Improvement Authority (MACIA) this past year has worked on measures to assist local businesses on the corridor as a transition through a lengthy street redesign. MACIA has developed its own website full of exciting content, up-to-date news, and information from the corridor, as well as discount coupons and hidden gems. The MACIA has also assisted with the Red Cedar's development project in the form of providing promotional products for the Red Cedar Social District. Finally, the corridor has a renewed focus on branding Michigan Ave. as "The Avenue", making the Michigan Ave. corridor safe and welcoming for pedestrians and visitors.

The North Grand River Avenue Corridor Improvement Authority known as the Lansing Gateway CIA has begun the initial steps on the creation of their Development and Tax Increment Finance Plan, including community engagement and prioritization of efforts.

Lansing Equitable Economic Development (LEED) Initiative

In 2021, the Jobs and Economic Development Workgroup of Lansing Mayor Andy Schor's Racial Justice and Equity Alliance (MRJEA) identified the critical need to ensure Lansing's BIPOC (Black, Indigenous, People of Color) populations have the tools, opportunities, and access to expertise, resources, and training needed to start and sustain successful businesses, and to participate in the economic development process.

To address these findings, the Lansing EDC developed the Lansing Equitable Economic Development (LEED) Initiative. In 2022, the Lansing City Council approved the allocation of \$2 million of ARPA funds to the LEED Initiative. The LEED Initiative was designed to equip BIPOC entrepreneurs with financial resources and technical assistance to build strong successful businesses and increase the number of BIPOC-led real estate development projects.

In 2023, the Lansing EDC launched the inaugural cohort of the Empower Program. The Empower Program is a 6-month program that provides a cohort of 10 business owners with a team of dedicated project managers, consultants, and business specialists to create and implement an individualized business development plan. Business owners also participate in bi-weekly in-person training sessions around business strategy, marketing, establishing systems and automation to scale their operations, and other topics. Participants have received photography services to develop marketing and promotional materials, human resource consulting to develop staffing strategies and systems, financial management consulting, and a host of other technical assistance free of charge.

The Lansing EDC provided over 40 grants in the amount of \$2,500 to the graduates of the LEAP One & All Program that are operating in the city of Lansing. This much needed funding is helping to sustain and expand small businesses in the city of Lansing.

The Lansing EDC is in the process of developing additional programs to launch in early 2024 that will provide funds for BIPOC-owned business sustainability and expansion as well as programs to provide training, mentorship, and networking opportunities for emerging BIPOC real estate developers and spur investment in focus areas in the city of Lansing.

Cordially,

Desiree A. Kirkland

Desiree A. Kirkland, Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lansing
Michigan**

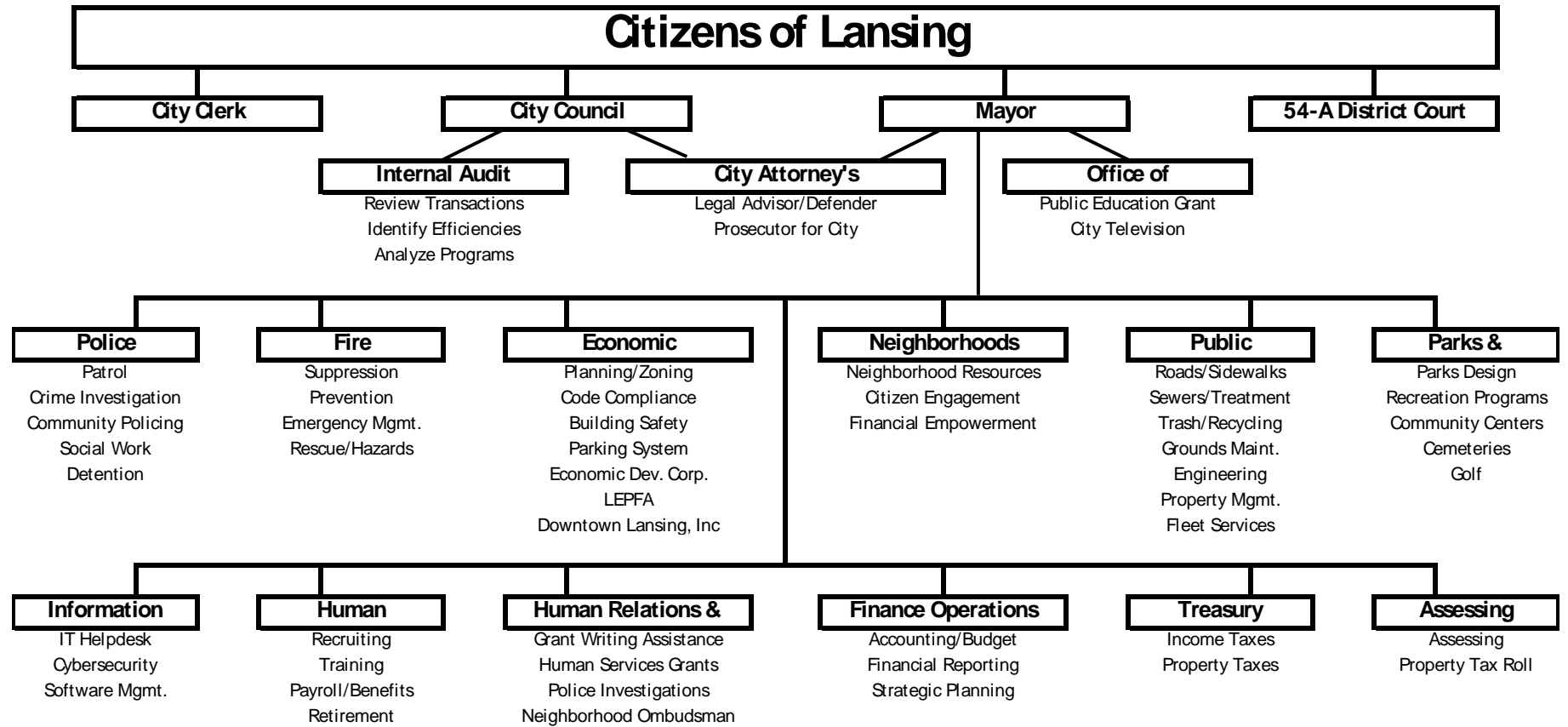
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Table of Organization



FINANCIAL SECTION



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lansing, Michigan (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lansing, as of June 30, 2023, and the respective changes in financial position, and, when applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lansing and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 21 to the financial statements, in 2023 the City adopted new accounting guidance, GASB Statement No. 96, *Subscription-based IT Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Lansing's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Lansing's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the pension and OPEB schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maney Costeiran PC

December 18, 2023

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, 2023 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	\$ (65,743,898)
Change in total net position	69,624,086
Fund balances, governmental funds	249,530,755
Change in fund balances, governmental funds	181,855,391
Unassigned fund balance, general fund	20,917,243
Change in fund balance, general fund	6,209,695
Long-term obligations outstanding	397,571,831
Change in long-term obligations	208,165,751

Overview of the Financial Statements

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

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

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

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

CITY OF LANSING MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

CITY OF LANSING MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Fund Financial Statements. The City's major funds are identified as the General Fund, State and Federal Grants Fund, CERA-MSHDA Grant Fund, Public Safety Capital Projects 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, 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 \$69,624,086 over the course of this fiscal year's operations and came to a total of \$(65,743,898). Net position of governmental activities increased \$55,404,216, and business-type activities increased \$14,219,870. 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	
	2022*	2023	2022*	2023	2022*	2023
Current and other assets	\$ 172,294,944	\$ 360,802,878	\$ 78,404,972	\$ 93,844,460	\$ 250,699,916	\$ 454,647,338
Capital assets, net	207,842,733	238,293,979	343,402,376	349,092,019	551,245,109	587,385,998
Total assets	380,137,677	599,096,857	421,807,348	442,936,479	801,945,025	1,042,033,336
Deferred outflows of resources	96,309,562	56,279,711	8,155,009	6,547,737	104,464,571	62,827,448
Current liabilities	70,574,273	75,311,106	21,217,472	20,003,397	91,791,745	95,314,503
Noncurrent liabilities	646,310,560	853,493,720	145,906,653	158,634,947	792,217,213	1,012,128,667
Total liabilities	716,884,833	928,804,826	167,124,125	178,638,344	884,008,958	1,107,443,170
Deferred inflows of resources	151,013,876	62,618,996	6,754,746	542,516	157,768,622	63,161,512
Net position						
Investment in capital assets	159,442,216	152,933,894	232,446,124	227,979,176	391,888,340	380,913,070
Restricted	28,101,348	217,209,665	2,441,780	2,486,846	30,543,128	219,696,511
Unrestricted	(578,995,034)	(706,190,813)	21,195,582	39,837,334	(557,799,452)	(666,353,479)
Total net position	\$ (391,451,470)	\$ (336,047,254)	\$ 256,083,486	\$ 270,303,356	\$ (135,367,984)	\$ (65,743,898)

*The 2022 figures have not been updated for the adoption of GASB 96.

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 recognition of ARPA funds and lost revenue.

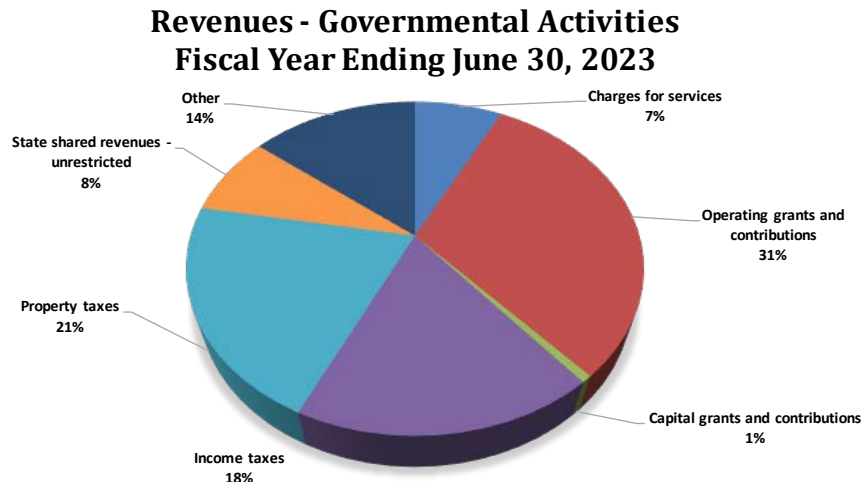
CITY OF LANSING MANAGEMENT'S DISCUSSION AND ANALYSIS

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	
	2022*	2023	2022*	2023	2022*	2023
Revenue						
Program revenue						
Charges for services	\$ 16,188,665	\$ 16,993,355	\$ 49,273,285	\$ 52,102,949	\$ 65,461,950	\$ 69,096,304
Operating grants and contributions	90,177,926	70,476,683	-	-	90,177,926	70,476,683
Capital grants and contributions	5,283,332	1,490,181	-	5,000,000	5,283,332	6,490,181
General revenue						
Taxes	84,708,200	88,404,216	-	-	84,708,200	88,404,216
State shared revenues - unrestricted	17,704,794	17,994,492	-	-	17,704,794	17,994,492
Other	29,982,652	32,452,603	698,662	1,355,841	30,681,314	33,808,444
Total revenue	244,045,569	227,811,530	49,971,947	58,458,790	294,017,516	286,270,320
Expenses						
General government	19,628,516	20,719,165	-	-	19,628,516	20,719,165
Judicial	-	4,437,374	-	-	-	4,437,374
Health and welfare	-	6,658,603	-	-	-	6,658,603
Public safety	78,113,026	88,377,091	-	-	78,113,026	88,377,091
Public works	27,316,002	16,436,242	-	-	27,316,002	16,436,242
Recreation and culture	6,707,099	13,784,687	-	-	6,707,099	13,784,687
Community and economic development	75,618,986	18,257,010	-	-	75,618,986	18,257,010
Interest on long-term debt	1,845,964	2,993,891	-	-	1,845,964	2,993,891
Sewage disposal system	-	-	22,239,978	30,964,460	22,239,978	30,964,460
Municipal parking system	-	-	10,110,065	6,717,635	10,110,065	6,717,635
Cemetery	-	-	98,394	703,931	98,394	703,931
Golf	-	-	164,878	165,530	164,878	165,530
Garbage and rubbish collection	-	-	1,509,140	2,425,495	1,509,140	2,425,495
Recycling	-	-	1,656,519	4,005,120	1,656,519	4,005,120
Total expenses	209,229,593	171,664,063	35,778,974	44,982,171	245,008,567	216,646,234
Change in net position before transfers	34,815,976	56,147,467	14,192,973	13,476,619	49,008,949	69,624,086
Transfers (out) in	(597,000)	(743,251)	597,000	743,251	-	-
Change in net position	34,218,976	55,404,216	14,789,973	14,219,870	49,008,949	69,624,086
Net position - beginning of year	(425,670,446)	(391,451,470)	241,293,513	256,083,486	(184,376,933)	(135,367,984)
Net position - end of year	<u>\$ (391,451,470)</u>	<u>\$ (336,047,254)</u>	<u>\$ 256,083,486</u>	<u>\$ 270,303,356</u>	<u>\$ (135,367,984)</u>	<u>\$ (65,743,898)</u>

*The 2022 figures have not been updated for the adoption of GASB 96.

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 decreased \$16,234,039 from FY 2022 to FY 2023, with trends of the major revenue categories as follows:

General revenue taxes comprised the largest portion of governmental revenues of \$88,404,216, or 38.8% of governmental activity revenue for fiscal year 2023, a \$3,696,016, or 4.4% increase from fiscal year 2022.

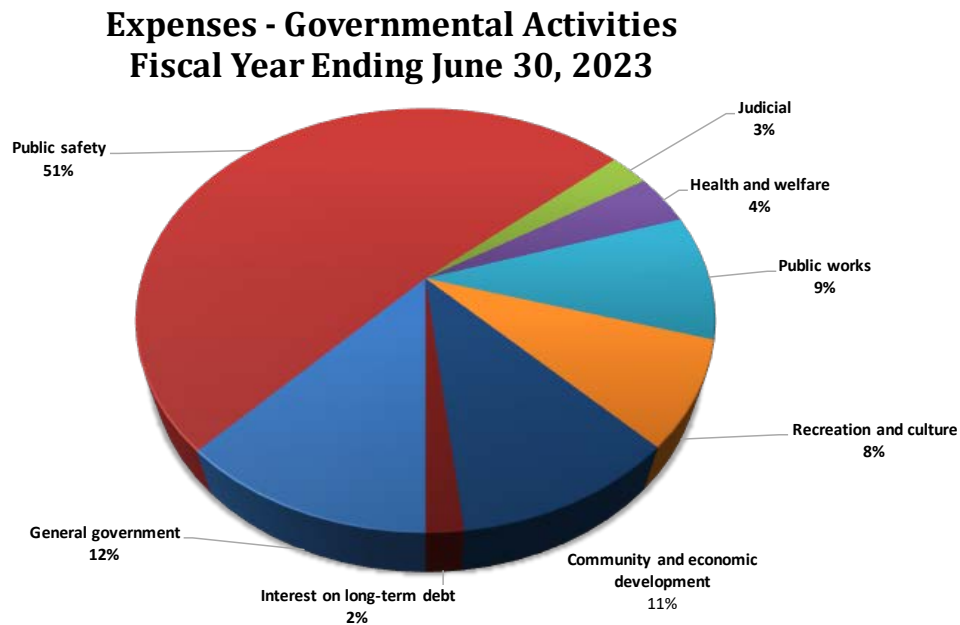
Property taxes revenue was 20.8% of governmental revenues, or \$47,447,205, which is consistent with the previous year.

Income taxes comprised 18.0%, or \$40,957,011, of governmental activity revenue, the full amount of which is revenue to the General Fund. This represents a \$3,869,418, or 10.4%, increase from fiscal year 2022. 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 22%, or \$50,447,095, of revenues, a \$2,759,648, or 5.8% increase from fiscal year 2022. Approximately 36% of this category, \$17,994,492, 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 \$804,690 from FY 2022 to FY 2023.

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 \$37,565,529, 18.0%, from FY 2022 to FY 2023, with trends of the major expense categories as follows:

The largest component of governmental activities was public safety, accounting for 51.5%, or \$88,377,091, a 13.1% (\$10,264,065) increase from FY 2022, largely resulting from a decrease in postemployment and pension liabilities and the resulting impact to long-term liabilities.

General government comprises the second largest component of governmental activity expenses, at 12.1%, or \$20,719,165, an 5.6% (\$1,090,649) increase from FY 2022, due to normal increases in expenses.

Community and economic development represented 10.6%, or \$18,257,000, of total governmental activities expenses. This category decreased \$57,361,976, or 76% from FY 2022 due to a decrease in grant programs as part of federal recovery efforts, such as the CERA grant projects.

Business-type Activities. Net position of the business-type activities increased by \$14,219,870 from FY 2022 to \$270,303,356. This increase was largely attributable to ARPA funding and charges for service increases.

Financial Analysis of the City's Funds

As the City completed the fiscal year, its governmental funds reported combined ending fund balances of \$249,530,755, a \$181,855,391 increase from fiscal year 2022. Of the \$249,530,755 fiscal year 2023 combined ending fund balance, \$4,082,050 is unavailable to spend (i.e., amounts tied up in inventories, prepaids, and endowments), \$216,263,156 is legally restricted, and \$8,268,306 is committed for designated projects, leaving \$20,917,243 unassigned.

The unassigned fund balance for the General Fund was \$20,917,243, a decrease of \$989,970 from FY 2022, which is further described in the General Fund Budgetary Highlights section.

Sewage Disposal System Fund

Net position increased \$8,678,021 to \$272,161,921 in FY 2023. Unrestricted net position increased \$13,433,762, from \$23,969,593 to \$37,403,355.

Municipal Parking System Fund

Net position increased \$4,236,192 to \$3,692,950. Unrestricted net position increased \$3,824,189, from \$6,152,097 to \$9,976,286. The system saw consistent revenues in the current year as well as ARPA lost revenue allocated to the fund in the current year.

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

General Fund Budgetary Highlights

The FY 2023 General Fund budget was adopted as a balanced budget with a usage of fund balance. During the course of the fiscal year, the General Fund revenue budget was amended from \$155,674,501 to \$156,042,746.

General Fund reserves combined with the Budget Stabilization Fund (combined for financial statement purposes) increased \$6,209,695 from FY 2022 to \$29,661,497. Unassigned fund balance decreased \$989,970, or 4% from fiscal year 2022. The City also benefited from state and federal grants received in previous years and recognized in the current 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.

Capital Assets. At the end of the fiscal year 2023, the City had invested \$587,385,998, net of accumulated depreciation/amortization, 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	
	2022*	2023	2022*	2023	2022*	2023
Land	\$ 25,435,297	\$ 27,743,613	\$ 12,369,507	\$ 12,369,507	\$ 37,804,804	\$ 40,113,120
Land improvements	12,926,012	13,174,333	2,345,583	1,791,282	15,271,595	14,965,615
Buildings and improvements	34,191,717	30,812,099	69,837,354	65,957,958	104,029,071	96,770,057
Equipment	7,110,279	8,566,556	2,910,621	2,923,717	10,020,900	11,490,273
Flowage rights	19,365,117	30,322,259	-	-	19,365,117	30,322,259
Right to use - SBITA	-	4,509,347	-	-	-	4,509,347
Infrastructure	85,285,683	108,258,080	234,781,043	230,024,679	320,066,726	338,282,759
Construction in progress	23,528,628	14,907,692	21,158,268	36,024,876	44,686,896	50,932,568
Total	<u>\$ 207,842,733</u>	<u>\$ 238,293,979</u>	<u>\$ 343,402,376</u>	<u>\$ 349,092,019</u>	<u>\$ 551,245,109</u>	<u>\$ 587,385,998</u>

*The 2022 figures have not been updated for the adoption of GASB 96.

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>2022*</u>	<u>2023</u>
Governmental activities		
General obligation bonds	\$ 29,629,300	\$ 214,543,986
Deferred amounts		
For issuance premiums	586,222	11,526,235
Installment purchase contracts	22,457,000	21,048,000
Loans	6,886,326	6,092,706
SBITA	-	4,524,170
Compensated absences	10,962,758	11,188,764
Workers compensation	3,082,191	2,989,432
	<u>73,603,797</u>	<u>271,913,293</u>
Business-type activities		
General obligation bonds	103,495,891	115,004,650
Deferred amounts		
For issuance discounts	(144,942)	(79,651)
For issuance premiums	2,143,101	1,972,584
Revenue bonds	9,425,000	7,875,000
Compensated absences	883,233	885,955
	<u>115,802,283</u>	<u>125,658,538</u>
Total outstanding obligations	<u>\$ 189,406,080</u>	<u>\$ 397,571,831</u>

*The 2022 figures have not been updated for the adoption of GASB 96.

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

Economic Condition and Outlook

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

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

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

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LANSING
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Current assets				
Cash and cash equivalents	\$ 36,488,808	\$ 2,046,080	\$ 38,534,888	\$ 10,969,750
Equity in pooled cash and investments	57,706,440	50,584,325	108,290,765	10,277,406
Cash and cash equivalents, restricted	187,511,836	2,486,846	189,998,682	2,694,744
Current portion of receivables, net	23,934,120	9,268,584	33,202,704	2,116,130
Due from other governmental units	31,235,270	14,051,105	45,286,375	10
Inventories	1,749,443	699,539	2,448,982	83,282
Prepays	2,458,800	-	2,458,800	36,956
Total current assets	341,084,717	79,136,479	420,221,196	26,178,278
Noncurrent assets				
Noncurrent portion of receivables, net	19,718,161	14,707,981	34,426,142	68,812
Capital assets not being depreciated/amortized	42,651,305	48,394,383	91,045,688	-
Capital assets, net of accumulated depreciation/amortization	195,642,674	300,697,636	496,340,310	62,509
Total noncurrent assets	258,012,140	363,800,000	621,812,140	131,321
TOTAL ASSETS	599,096,857	442,936,479	1,042,033,336	26,309,599
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	209,679	3,659,740	3,869,419	-
Deferred outflows of resources related to pensions	54,838,040	2,602,238	57,440,278	-
Deferred outflows of resources related to OPEB	1,231,992	285,759	1,517,751	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	56,279,711	6,547,737	62,827,448	-
LIABILITIES				
Current liabilities				
Accounts payable	16,429,719	6,342,968	22,772,687	5,303,315
Accrued payroll	2,646,555	104,110	2,750,665	-
Deposits payable	-	85,377	85,377	-
Due to other governmental units	5,342,622	-	5,342,622	-
Claims incurred but not reported	1,380,000	-	1,380,000	-
Indemnity bonds	43,867	-	43,867	-
Other accrued liabilities	2,621,119	-	2,621,119	468,500
Accrued interest payable	1,175,969	1,295,759	2,471,728	343,542
Unearned revenue	37,559,557	-	37,559,557	540,381
Current portion of compensated absences	1,124,854	52,649	1,177,503	-
Current portion of long-term obligations	6,986,844	12,122,534	19,109,378	2,399,762
Total current liabilities	75,311,106	20,003,397	95,314,503	9,055,500

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

CONTINUED

CITY OF LANSING
STATEMENT OF NET POSITION (concluded)
JUNE 30, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES (concluded)				
Noncurrent liabilities				
Noncurrent portion of compensated absences	\$ 10,063,910	\$ 833,306	\$ 10,897,216	\$ -
Noncurrent portion of long-term obligations	253,737,685	112,650,049	366,387,734	77,531,120
Accrued interest payable, net of current portion	-	-	-	131,646
Net pension liability	371,601,052	30,896,550	402,497,602	-
Net other post-employment benefits liability	218,091,073	14,255,042	232,346,115	-
Total noncurrent liabilities	853,493,720	158,634,947	1,012,128,667	77,662,766
TOTAL LIABILITIES	928,804,826	178,638,344	1,107,443,170	86,718,266
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to leases	428,928	-	428,928	-
Deferred gain on refunding	-	-	-	1,019,672
Deferred inflows of resources related to pensions	3,075,054	542,516	3,617,570	-
Deferred inflows of resources related to OPEB	59,115,014	-	59,115,014	-
TOTAL DEFERRED INFLOWS OF RESOURCES	62,618,996	542,516	63,161,512	1,019,672
NET POSITION (DEFICIT)				
Net investment in capital assets	152,933,894	227,979,176	380,913,070	41,944
Restricted				
Public safety	172,256,020	-	172,256,020	-
Public works	20,487,481	-	20,487,481	-
Community development	335,291	-	335,291	-
Building department	4,583,754	-	4,583,754	-
Debt service	9,842,945	2,486,846	12,329,791	-
Redevelopment projects	-	-	-	2,588,142
Cooley stadium capital projects	-	-	-	80,000
Stabilization arrangements	7,792,610	-	7,792,610	-
Endowments (nonexpendable)	1,911,564	-	1,911,564	-
Unrestricted	(706,190,813)	39,837,334	(666,353,479)	(64,138,425)
TOTAL NET POSITION (DEFICIT)	\$ (336,047,254)	\$ 270,303,356	\$ (65,743,898)	\$ (61,428,339)

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

**CITY OF LANSING
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 20,719,165	\$ 13,093,046	\$ 36,389,882	\$ -	\$ 28,763,763	\$ -	\$ 28,763,763	\$ -
Judicial	4,437,374	-	278,831	-	(4,158,543)	-	(4,158,543)	-
Health and welfare	6,658,603	-	904,118	-	(5,754,485)	-	(5,754,485)	-
Public safety	88,377,091	237,161	4,840,032	-	(83,299,898)	-	(83,299,898)	-
Public works	16,436,242	732,020	21,020,197	1,490,181	6,806,156	-	6,806,156	-
Recreation and culture	13,784,687	-	1,879,644	-	(11,905,043)	-	(11,905,043)	-
Community and economic development	18,257,010	2,931,128	5,163,979	-	(10,161,903)	-	(10,161,903)	-
Interest on long-term obligations	2,993,891	-	-	-	(2,993,891)	-	(2,993,891)	-
Total governmental activities	<u>171,664,063</u>	<u>16,993,355</u>	<u>70,476,683</u>	<u>1,490,181</u>	<u>(82,703,844)</u>	<u>-</u>	<u>(82,703,844)</u>	<u>-</u>
Business-type activities								
Sewage disposal system	30,964,460	38,710,464	-	-	-	7,746,004	7,746,004	-
Municipal parking system	6,717,635	5,018,385	-	5,000,000	-	3,300,750	3,300,750	-
Cemetery	703,931	487,209	-	-	-	(216,722)	(216,722)	-
Golf	165,530	-	-	-	-	(165,530)	(165,530)	-
Garbage and rubbish collection	2,425,495	3,333,884	-	-	-	908,389	908,389	-
Recycling	4,005,120	4,553,007	-	-	-	547,887	547,887	-
Total business-type activities	<u>44,982,171</u>	<u>52,102,949</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>	<u>12,120,778</u>	<u>12,120,778</u>	<u>-</u>
Total primary government	<u>\$ 216,646,234</u>	<u>\$ 69,096,304</u>	<u>\$ 70,476,683</u>	<u>\$ 6,490,181</u>	<u>(82,703,844)</u>	<u>12,120,778</u>	<u>(70,583,066)</u>	<u>-</u>
Component units								
Brownfield Redevelopment Authority	\$ 11,459,272	\$ -	\$ -	\$ -	-	-	-	(11,459,272)
Tax Increment Finance Authority	1,622,914	-	-	-	-	-	-	(1,622,914)
Saginaw Street Corridor Improvement Authority	-	-	-	-	-	-	-	-
Michigan Avenue Corridor Improvement Authority	50,000	-	-	-	-	-	-	(50,000)
Lansing Entertainment & Public Facilities Authority	8,774,515	6,503,225	2,671,000	-	-	-	-	399,710
Total component units	<u>\$ 21,906,701</u>	<u>\$ 6,503,225</u>	<u>\$ 2,671,000</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,732,476)</u>
General revenues								
Property taxes					47,447,205	-	47,447,205	13,991,570
Income taxes					40,957,011	-	40,957,011	-
Unrestricted state shared revenues					17,994,492	-	17,994,492	-
Grants and contributions not restricted to specific programs					29,222,158	-	29,222,158	-
Investment earnings (loss)					3,211,843	1,216,752	4,428,595	251,013
Gain on sale of capital assets					-	123,591	123,591	-
Miscellaneous					18,602	15,498	34,100	879,338
Transfers					(743,251)	743,251	-	-
Total general revenues and transfers					<u>138,108,060</u>	<u>2,099,092</u>	<u>140,207,152</u>	<u>15,121,921</u>
Change in net position					55,404,216	14,219,870	69,624,086	2,389,445
Net position (deficit), beginning of the year					<u>(391,451,470)</u>	<u>256,083,486</u>	<u>(135,367,984)</u>	<u>(63,817,784)</u>
Net position (deficit), end of the year					<u>\$ (336,047,254)</u>	<u>\$ 270,303,356</u>	<u>\$ (65,743,898)</u>	<u>\$ (61,428,339)</u>

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

FUND FINANCIAL STATEMENTS

CITY OF LANSING
GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Fund

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

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

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

Public Safety Capital Projects Fund - This fund accounts for capital project and debt service activity for the Public Safety.

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, 2023**

	General	State and Federal Grants - Special Revenue	CERA - MSHDA	Public Safety Capital Projects	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 14,737,887	\$ 20,693,472	\$ 612,358	\$ -	\$ 445,091	\$ 36,488,808
Cash and cash equivalents - restricted	3,047,997	-	-	171,770,528	12,693,311	187,511,836
Equity in pooled cash and investments	2,410,206	-	-	-	32,196,171	34,606,377
Receivables						
Accounts, net	24,076,922	-	-	-	4,904,918	28,981,840
Taxes receivable, net	346,127	-	-	-	-	346,127
Special assessments	-	-	-	-	10,278,221	10,278,221
Loans	-	29,999	-	-	1,185,000	1,214,999
Leases	416,469	-	-	-	-	416,469
Accrued interest	-	-	-	-	2,409,446	2,409,446
Due from other funds	-	-	-	-	344,008	344,008
Due from other governmental units	6,933,974	17,220,146	1,837,838	-	5,243,312	31,235,270
Inventories	-	-	-	-	1,218,842	1,218,842
Prepays	951,644	-	-	-	-	951,644
TOTAL ASSETS	\$ 52,921,226	\$ 37,943,617	\$ 2,450,196	\$ 171,770,528	\$ 70,918,320	\$ 336,003,887
LIABILITIES						
Accounts payable	\$ 8,683,368	\$ 2,914,996	\$ 52,723	\$ 613,123	\$ 1,999,764	\$ 14,263,974
Accrued payroll	2,342,679	20,898	-	-	35,754	2,399,331
Due to other governmental units	4,932,769	40,972	-	-	368,881	5,342,622
Indemnity bonds	-	-	-	-	43,867	43,867
Other liabilities	2,590,451	-	-	-	30,668	2,621,119
Due to other funds	-	-	-	-	344,008	344,008
Unearned revenue	170,143	34,929,026	2,397,473	-	62,915	37,559,557
TOTAL LIABILITIES	18,719,410	37,905,892	2,450,196	613,123	2,885,857	62,574,478
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - fees	2,711,024	-	-	-	-	2,711,024
Unavailable revenue - leases	428,928	-	-	-	-	428,928
Unavailable revenue - contracts	1,400,367	-	-	-	-	1,400,367
Unavailable revenue - loans and accrued interest receivable	-	37,725	-	-	9,457,673	9,495,398
Unavailable revenue - special assessments	-	-	-	-	9,862,937	9,862,937
TOTAL DEFERRED INFLOWS OF RESOURCES	4,540,319	37,725	-	-	19,320,610	23,898,654
FUND BALANCES						
Nonspendable	951,644	-	-	-	3,130,406	4,082,050
Restricted	7,792,610	-	-	171,157,405	37,313,141	216,263,156
Committed	-	-	-	-	8,268,306	8,268,306
Unassigned	20,917,243	-	-	-	-	20,917,243
TOTAL FUND BALANCES	29,661,497	-	-	171,157,405	48,711,853	249,530,755
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 52,921,226	\$ 37,943,617	\$ 2,450,196	\$ 171,770,528	\$ 70,918,320	\$ 336,003,887

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, 2023

Fund balances - total governmental funds **\$ 249,530,755**

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	\$	644,505,052
Accumulated depreciation/amortization is		(406,211,073)
Capital assets accounted for in the internal service funds, net		<u>(14,602,972)</u>

Capital assets, net		223,691,007
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Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

Deferred ambulance fees receivable	1,669,181
Deferred nuisance fees receivable	1,041,843
Deferred loans receivable	5,855,009
Deferred long-term interest receivable	2,409,446
Deferred long-term special assessments receivable	9,862,937
Deferred contract receivable	1,400,367
Deferred opioid settlement	1,230,943
Deferred outflows of resources related to pensions	54,838,040
Deferred outflows of resources related to OPEB	1,231,992
Deferred inflows of resources related to pensions	(3,075,054)
Deferred inflows of resources related to OPEB	<u>(59,115,014)</u>

17,349,690

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		29,392,360
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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	(252,174,640)
Deferred charges on refunding	209,679
Compensated absences	(10,192,206)
Workers compensation	(2,989,432)
Accrued interest payable	(1,172,342)
Net pension liability	(371,601,052)
Net other post-employment benefits liability	<u>(218,091,073)</u>

(856,011,066)

Net position of governmental activities		<u>\$ (336,047,254)</u>
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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, 2023

	General	State and Federal Grants - Special Revenue	CERA - MSHDA	Public Safety Capital Projects	Nonmajor Governmental Funds	Total
REVENUES						
Property taxes and special assessments	\$ 45,752,274	\$ -	\$ -	\$ -	\$ 1,694,931	\$ 47,447,205
Income taxes	40,957,011	-	-	-	-	40,957,011
Licenses and permits	2,000,219	-	-	-	-	2,000,219
Intergovernmental	33,244,473	19,575,851	7,586,644	-	24,982,147	85,389,115
Charges for services	11,817,041	-	-	-	4,070,479	15,887,520
Fines and forfeits	1,427,593	-	-	-	227,255	1,654,848
Interest and rents	823,618	1,307,228	-	-	1,297,217	3,428,063
Other	26,880,847	115,330	-	-	2,365,211	29,361,388
TOTAL REVENUES	162,903,076	20,998,409	7,586,644	-	34,637,240	226,125,369
EXPENDITURES						
Current						
General government	14,722,054	3,571,661	-	-	3,956,563	22,250,278
Public safety	91,044,037	3,849,063	-	-	756,261	95,649,361
Public works	13,697,797	2,653,109	-	-	-	16,350,906
Judicial	8,237,201	278,831	-	-	-	8,516,032
Health and welfare	-	893,963	-	-	-	893,963
Highways and streets	-	-	-	-	13,687,366	13,687,366
Recreation and culture	9,992,527	3,988,301	-	-	-	13,980,828
Community and economic development	10,817,891	5,941,173	7,586,644	-	4,034,145	28,379,853
Debt service						
Principal	1,409,000	-	-	2,400,000	2,471,885	6,280,885
Interest and fiscal charges	434,071	-	-	1,648,428	1,858,735	3,941,234
Capital outlay	-	-	-	2,194,167	20,036,190	22,230,357
TOTAL EXPENDITURES	150,354,578	21,176,101	7,586,644	6,242,595	46,801,145	232,161,063
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,548,498	(177,692)	-	(6,242,595)	(12,163,905)	(6,035,694)
OTHER FINANCING SOURCES (USES)						
Proceeds from debt issuances	-	-	-	177,400,000	-	177,400,000
Bond premium	-	-	-	-	10,989,553	10,989,553
Proceeds from sale of capital assets	-	-	-	-	23,532	23,532
Transfers in	100,000	177,692	-	-	9,650,113	9,927,805
Transfers out	(6,438,803)	-	-	-	(4,011,002)	(10,449,805)
TOTAL OTHER FINANCING SOURCES (USES)	(6,338,803)	177,692	-	177,400,000	16,652,196	187,891,085
NET CHANGE IN FUND BALANCES	6,209,695	-	-	171,157,405	4,488,291	181,855,391
Fund balances, beginning of year	23,451,802	-	-	-	44,223,562	67,675,364
Fund balances, end of year	<u>\$ 29,661,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,157,405</u>	<u>\$ 48,711,853</u>	<u>\$ 249,530,755</u>

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

CITY OF LANSING
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds **\$ 181,855,391**

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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense in the current period.

Capital outlay	\$	36,148,372	
Depreciation/amortization expense		<u>(10,976,887)</u>	
Excess of capital outlay over depreciation/amortization expense			25,171,485

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	899,708		
Change in deferred nuisance fees receivable	338,026		
Change in deferred loans receivable	(401,881)		
Change in deferred opioid settlement	1,230,943		
Change in deferred contract receivable	78,307		
Change in deferred long-term interest receivable	59,250		
Change in deferred special assessments receivable	<u>(431,224)</u>		
			1,773,129

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			4,038,112
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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	(10,940,013)		
Deferred charges on refunding	(19,202)		
Issuance of debt	(189,122,593)		
Debt principal retirement	<u>6,280,885</u>		
			(193,800,923)

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			92,759
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

(Increase) in net pension liability	(26,934,966)		
Decrease in net OPEB liability	15,152,080		
Increase in deferred outflows of resources related to pensions	3,744,039		
(Decrease) in deferred outflows of resources related to OPEB	(43,754,688)		
Decrease in deferred inflows of resources related to pensions	1,822,626		
Decrease in deferred inflows of resources related to OPEB	87,001,182		
(Increase) in accrued interest payable	(573,378)		
(Increase) in compensated absences	<u>(182,632)</u>		
			<u>36,274,263</u>

Change in net position of governmental activities			<u>\$ 55,404,216</u>
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The accompanying notes are an integral part of the financial statements.

**CITY OF LANSING
PROPRIETARY FUND FINANCIAL STATEMENTS**

Major Funds

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

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

Nonmajor Enterprise Funds and Internal Service Funds

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

CITY OF LANSING
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	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	\$ -	\$ 2,045,880	\$ 200	\$ 2,046,080	\$ -
Cash and cash equivalents - restricted	2,486,846	-	-	2,486,846	-
Equity in pooled cash and investments	40,326,881	4,348,475	5,908,969	50,584,325	23,100,063
Receivables, net					
Customers	6,824,825	89,662	103	6,914,590	5,179
Interest	28,686	134,939	-	163,625	-
Contracts	682,232	1,508,137	-	2,190,369	-
Due from other governmental units	14,051,105	-	-	14,051,105	-
Inventories	649,259	-	50,280	699,539	530,601
Prepays	-	-	-	-	1,507,156
Total current assets	65,049,834	8,127,093	5,959,552	79,136,479	25,142,999
Noncurrent assets					
Contract receivable, net of current portion	3,379,862	11,328,119	-	14,707,981	-
Capital assets not being depreciated/amortized	36,445,625	11,545,371	403,387	48,394,383	92,892
Capital assets, net of accumulated depreciation/amortization	292,094,315	7,015,916	1,587,405	300,697,636	14,510,080
Total noncurrent assets	331,919,802	29,889,406	1,990,792	363,800,000	14,602,972
TOTAL ASSETS	396,969,636	38,016,499	7,950,344	442,936,479	39,745,971
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts on refunding	708,710	2,951,030	-	3,659,740	-
Deferred outflows of resources related to pensions	1,409,870	424,034	768,334	2,602,238	-
Deferred outflows of resources related to OPEB	154,822	46,564	84,373	285,759	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,273,402	3,421,628	852,707	6,547,737	-
LIABILITIES					
Current liabilities					
Accounts payable	5,649,161	55,704	638,103	6,342,968	2,165,745
Accrued payroll	72,469	26,564	5,077	104,110	247,224
Deposit payable	-	85,377	-	85,377	-
Claims incurred but not reported	-	-	-	-	1,380,000
Accrued interest payable	406,768	888,991	-	1,295,759	3,627
Current portion of compensated absences	28,188	2,276	22,185	52,649	42,640
Current portion of long-term obligations	10,991,881	1,130,653	-	12,122,534	1,207,096
Total current liabilities	17,148,467	2,189,565	665,365	20,003,397	5,046,332
Noncurrent liabilities					
Compensated absences, net of current portion	511,275	124,441	197,590	833,306	953,918
Bonds and notes payable, net of current portion	84,664,713	27,985,336	-	112,650,049	4,353,361
Net pension liability	16,739,477	5,034,579	9,122,494	30,896,550	-
Net other post-employment benefits liability	7,723,255	2,322,853	4,208,934	14,255,042	-
Total noncurrent liabilities	109,638,720	35,467,209	13,529,018	158,634,947	5,307,279
TOTAL LIABILITIES	126,787,187	37,656,774	14,194,383	178,638,344	10,353,611
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources related to pensions	293,930	88,403	160,183	542,516	-
NET POSITION (DEFICIT)					
Net investment in capital assets	232,271,720	(6,283,336)	1,990,792	227,979,176	9,042,515
Restricted for bond reserves	2,486,846	-	-	2,486,846	-
Unrestricted	37,403,355	9,976,286	(7,542,307)	39,837,334	20,349,845
TOTAL NET POSITION (DEFICIT)	\$ 272,161,921	\$ 3,692,950	\$ (5,551,515)	\$ 270,303,356	\$ 29,392,360

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, 2023

	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	\$ 38,710,464	\$ 5,018,385	\$ 8,374,100	\$ 52,102,949	\$ 95,282,079
Other	-	15,498	-	15,498	141,514
TOTAL OPERATING REVENUES	38,710,464	5,033,883	8,374,100	52,118,447	95,423,593
OPERATING EXPENSES					
Personnel services	6,398,685	1,535,039	3,267,860	11,201,584	9,180,637
Purchase of goods and services	10,821,826	1,682,151	3,954,072	16,458,049	78,934,055
Other services and charges	555,392	46,348	-	601,740	-
Depreciation/amortization	11,113,627	2,154,115	78,144	13,345,886	3,126,414
TOTAL OPERATING EXPENSES	28,889,530	5,417,653	7,300,076	41,607,259	91,241,106
OPERATING INCOME (LOSS)	9,820,934	(383,770)	1,074,024	10,511,188	4,182,487
NONOPERATING REVENUES (EXPENSES)					
Intergovernmental	-	5,000,000	-	5,000,000	-
Interest income	932,017	575,102	(290,367)	1,216,752	59,016
Gain on sale of capital assets	-	123,591	-	123,591	50,081
Interest expense and fees	(2,074,930)	(1,299,982)	-	(3,374,912)	(32,221)
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,142,913)	4,398,711	(290,367)	2,965,431	76,876
NET INCOME (LOSS) BEFORE TRANSFERS	8,678,021	4,014,941	783,657	13,476,619	4,259,363
TRANSFERS IN	-	221,251	550,000	771,251	-
TRANSFERS OUT	-	-	(28,000)	(28,000)	(221,251)
TOTAL TRANSFERS	-	221,251	522,000	743,251	(221,251)
CHANGE IN NET POSITION	8,678,021	4,236,192	1,305,657	14,219,870	4,038,112
Net position (deficit), beginning of year	263,483,900	(543,242)	(6,857,172)	256,083,486	25,354,248
Net position (deficit), end of year	\$ 272,161,921	\$ 3,692,950	\$ (5,551,515)	\$ 270,303,356	\$ 29,392,360

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

CITY OF LANSING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	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	\$ 39,196,229	\$ 5,014,638	\$ 8,420,691	\$ 52,631,558	\$ -
Cash received from interfund services provided	6,135,551	-	-	6,135,551	97,223,473
Cash received (paid) for intergovernmental services	12,049,941	(1,867,157)	-	10,182,784	-
Cash payments for goods and services	(12,116,172)	(1,770,848)	(3,570,283)	(17,457,303)	(78,240,662)
Cash payments to employees	(6,778,110)	(1,954,398)	(4,643,881)	(13,376,389)	(10,326,053)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	38,487,439	(577,765)	206,527	38,116,201	8,656,758
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental	-	5,000,000	-	5,000,000	-
Transfers in	-	221,251	550,000	771,251	-
Transfers out	-	-	(28,000)	(28,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	5,221,251	522,000	5,743,251	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(19,035,529)	-	-	(19,035,529)	(2,840,418)
Proceeds from sale of capital assets	-	123,591	-	123,591	50,081
Principal paid on long-term obligations	(10,831,585)	(1,428,421)	-	(12,260,006)	(1,171,229)
Interest and costs paid on long-term obligations	(2,015,391)	(1,962,832)	-	(3,978,223)	(32,675)
Transfer out	-	-	-	-	(221,251)
Proceeds from debt issuance	22,113,539	-	-	22,113,539	-
Payments received on contract receivable	682,232	1,249,907	-	1,932,139	-
NET CASH (PROVIDED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(9,086,734)	(2,017,755)	-	(11,104,489)	(4,215,492)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (loss)	932,017	580,367	(290,367)	1,222,017	59,016
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,332,722	3,206,098	438,160	33,976,980	4,500,282
Cash and cash equivalents, beginning of year	12,481,005	3,188,257	5,471,009	21,140,271	18,599,781
Cash and cash equivalents, end of year	<u>\$ 42,813,727</u>	<u>\$ 6,394,355</u>	<u>\$ 5,909,169</u>	<u>\$ 55,117,251</u>	<u>\$ 23,100,063</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, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewage Disposal System	Municipal Parking System	Nonmajor Enterprise Funds	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 9,820,934	\$ (383,770)	\$ 1,074,024	\$ 10,511,188	\$ 4,182,487
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation/amortization	11,113,627	2,154,115	78,144	13,345,886	3,126,414
(Increase) decrease in:					
Accounts receivable	485,765	(19,245)	46,591	513,111	863,799
Due from other funds	6,135,551	-	-	6,135,551	-
Due from other governmental units	12,049,941	-	-	12,049,941	-
Inventories	(234,379)	-	2,241	(232,138)	184
Prepays	-	-	-	-	406
Deferred outflows of resources related to pensions	(121,441)	(21,034)	(3,976)	(146,451)	-
Deferred outflows of resources related to OPEB	756,193	238,386	456,086	1,450,665	-
Increase (decrease) in:					
Accounts payable	(504,575)	(45,944)	381,548	(168,971)	692,891
Accrued liabilities	(57,426)	(26,497)	(4,471)	(88,394)	(132,797)
Due to other funds	-	(1,867,157)	-	(1,867,157)	-
Deposits payable	-	3,595	-	3,595	-
Compensated absences	40,325	(700)	(36,903)	2,722	43,374
Claims incurred but not reported	-	-	-	-	(120,000)
Net pension liability	2,419,777	555,611	627,353	3,602,741	-
Net other post-employment benefits liability	(166,906)	(145,060)	(471,892)	(783,858)	-
Deferred inflows of resources related to pensions	(50,952)	(19,472)	(44,418)	(114,842)	-
Deferred inflows of resources related to OPEB	(3,198,995)	(1,000,593)	(1,897,800)	(6,097,388)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 38,487,439	\$ (577,765)	\$ 206,527	\$ 38,116,201	\$ 8,656,758
NONCASH FINANCING ACTIVITIES					
Subscription-based IT arrangement inflows	\$ -	\$ -	\$ -	\$ -	\$ 4,839,491
Subscription-based IT arrangement outflows	-	-	-	-	(4,839,491)
TOTAL NONCASH FINANCING ACTIVITIES	\$ -	\$ -	\$ -	\$ -	\$ -

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

**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.

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

**CITY OF LANSING
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	Pension and Other Post-Employment Benefits Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 3,982,630	\$ -
Equity in pooled cash and investments	742	462,237
Investments		
Mutual funds	422,266,384	-
Domestic equities	114,963,318	-
International equities	1,974,210	-
Emerging market equities	25,339,867	-
Money market funds	8,500,591	-
Receivables		
Interest and dividends	222,949	-
Due from other governmental units	4,653	-
Prepays	370	-
	<hr/>	<hr/>
TOTAL ASSETS	577,255,714	462,237
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	286,258	-
Due to other governmental units	4,653	-
Due to individuals and agencies	-	462,237
	<hr/>	<hr/>
TOTAL LIABILITIES	290,911	462,237
	<hr/>	<hr/>
NET POSITION RESTRICTED FOR:		
Pension benefits	438,349,561	-
Other postemployment benefits	138,615,242	-
	<hr/>	<hr/>
TOTAL NET POSITION	\$ 576,964,803	\$ -
	<hr/> <hr/>	<hr/> <hr/>

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, 2023**

	Pension and Other Post-Employment Benefits Trust Funds	Custodial Funds
ADDITIONS TO NET POSITION		
Collections from or on behalf of individuals	\$ -	\$ 366,985
Collections of taxes for other governments	-	131,650,983
Investment income		
Change in fair value of investments	42,226,957	-
Interest income	1,122,032	-
Investment expense	(805,413)	-
	<u>42,543,576</u>	<u>132,017,968</u>
Net investment income		
	<u>42,543,576</u>	<u>132,017,968</u>
Contributions		
Employer	53,723,438	-
Plan members	4,719,562	-
	<u>58,443,000</u>	<u>-</u>
Total contributions		
	<u>58,443,000</u>	<u>-</u>
TOTAL ADDITIONS	<u>100,986,576</u>	<u>132,017,968</u>
DEDUCTIONS FROM NET POSITION		
Payments to or on behalf of individuals	-	366,985
Payment of taxes collected for other governments	-	131,650,983
Participant benefits	81,528,453	-
Administrative expenses	1,921,670	-
	<u>83,450,123</u>	<u>132,017,968</u>
TOTAL DEDUCTIONS	<u>83,450,123</u>	<u>132,017,968</u>
CHANGE IN NET POSITION	17,536,453	-
Net position, beginning of year	<u>559,428,350</u>	<u>-</u>
Net position, end of year	<u>\$ 576,964,803</u>	<u>\$ -</u>

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

COMPONENT UNITS

CITY OF LANSING
DISCRETELY PRESENTED COMPONENT UNITS

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

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

CITY OF LANSING
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2023

	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	\$ 8,382,756	\$ -	\$ 13,930	\$ 77,610	\$ 2,495,454	\$ 10,969,750
Equity in pooled cash and investments	-	10,075,304	56,609	145,493	-	10,277,406
Cash and cash equivalents - restricted	2,197,893	416,851	-	-	80,000	2,694,744
Receivables, net	45,410	-	-	-	2,070,720	2,116,130
Due from other governmental units	10	-	-	-	-	10
Inventories	-	-	-	-	83,282	83,282
Prepays	-	-	-	-	36,956	36,956
Total current assets	10,626,069	10,492,155	70,539	223,103	4,766,412	26,178,278
Noncurrent assets						
Noncurrent portion of receivable, net	68,812	-	-	-	-	68,812
Capital assets, net of accumulated depreciation	-	-	-	-	62,509	62,509
Total noncurrent assets	68,812	-	-	-	62,509	131,321
TOTAL ASSETS	10,694,881	10,492,155	70,539	223,103	4,828,921	26,309,599
LIABILITIES						
Current liabilities						
Accounts payable	4,490,439	-	-	-	812,876	5,303,315
Accrued liabilities	-	-	-	-	468,500	468,500
Current portion of accrued interest payable	334,364	9,178	-	-	-	343,542
Unearned revenue	-	-	-	-	540,381	540,381
Current portion of long-term obligations	821,060	1,558,137	-	-	20,565	2,399,762
Total current liabilities	5,645,863	1,567,315	-	-	1,842,322	9,055,500
Noncurrent liabilities						
Noncurrent portion of long-term obligations	38,038,001	39,493,119	-	-	-	77,531,120
Accrued interest payable, net of current portion	-	131,646	-	-	-	131,646
Total noncurrent liabilities	38,038,001	39,624,765	-	-	-	77,662,766
TOTAL LIABILITIES	43,683,864	41,192,080	-	-	1,842,322	86,718,266
DEFERRED INFLOW OF RESOURCES						
Deferred gain on refunding	-	1,019,672	-	-	-	1,019,672
NET POSITION (DEFICIT)						
Net investment in capital assets	-	-	-	-	41,944	41,944
Restricted for capital projects	-	-	-	-	80,000	80,000
Restricted for redevelopment projects	2,312,115	276,027	-	-	-	2,588,142
Unrestricted	(35,301,098)	(31,995,624)	70,539	223,103	2,864,655	(64,138,425)
TOTAL NET POSITION (DEFICIT)	\$ (32,988,983)	\$ (31,719,597)	\$ 70,539	\$ 223,103	\$ 2,986,599	\$ (61,428,339)

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, 2023

	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	\$ 11,459,272	\$ -	\$ -	\$ -	\$ -	\$ 11,459,272
Community development	-	1,622,914	-	50,000	-	1,672,914
Recreation and culture	-	-	-	-	8,774,515	8,774,515
TOTAL EXPENSES	11,459,272	1,622,914	-	50,000	8,774,515	21,906,701
PROGRAM REVENUES						
Charges for services	-	-	-	-	6,503,225	6,503,225
Operating grants and contributions	-	-	-	-	2,671,000	2,671,000
TOTAL PROGRAM REVENUES	-	-	-	-	9,174,225	9,174,225
NET PROGRAM (EXPENSE) REVENUE	(11,459,272)	(1,622,914)	-	(50,000)	399,710	(12,732,476)
GENERAL REVENUES						
Property taxes	8,793,323	5,036,311	40,023	121,913	-	13,991,570
Unrestricted investment earnings (loss)	233,331	17,682	-	-	-	251,013
Other	-	3,062	-	-	876,276	879,338
TOTAL GENERAL REVENUES	9,026,654	5,057,055	40,023	121,913	876,276	15,121,921
CHANGE IN NET POSITION	(2,432,618)	3,434,141	40,023	71,913	1,275,986	2,389,445
Net position (deficit), beginning of year	(30,556,365)	(35,153,738)	30,516	151,190	1,710,613	(63,817,784)
Net position (deficit), end of year	<u>\$ (32,988,983)</u>	<u>\$ (31,719,597)</u>	<u>\$ 70,539</u>	<u>\$ 223,103</u>	<u>\$ 2,986,599</u>	<u>\$ (61,428,339)</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF LANSING
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CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Blended Component Unit

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

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

Discretely Presented Component Units

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

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Units (continued)

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

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

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

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

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

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Discretely Presented Component Units (concluded)

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

Component Unit Financial Statements

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

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

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

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

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

Fiduciary Component Unit

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint Venture

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

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

The City reports the following *major governmental funds*:

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

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

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

Public Safety Capital Projects Fund. This fund accounts for capital project and debt service activity for the Public Safety.

The City reports the following *major enterprise funds*:

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

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

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

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

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

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Internal Service Funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes operating a maintenance facility for trucks and equipment used by the Public Service Department, health care and self-insurance services, engineering, 311 program, and information technology.

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

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

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

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

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

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deposits and Investments

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

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

State statutes authorize the City to invest in:

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

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

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

Bankers' acceptances of United States banks.

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

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

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

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

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

Receivables/Payables

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

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Receivables/Payables (concluded)

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

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

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

Inventories and Prepaids

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

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

Capital Assets

Capital assets, which include property, plant, equipment, flowage rights, right to use, 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. Right to use assets of the City are amortized using the straight-line method over the shorter of the subscription period or the estimated useful lives.

**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. The other 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
Right to use - SBITA	7
Infrastructure	10-75

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

Deferred Outflows of Resources

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

Compensated Absences

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

Unearned Revenue

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Long-term Obligations

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

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

Deferred Inflows of Resources

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

Fund Balances

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

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Stabilization Arrangement

On May 23, 1994, the Council adopted a resolution to establish and maintain a revenue stabilization reserve in the general fund.

For any year in which actual general fund revenues exceed actual general fund expenditures (including encumbrances and reappropriation into the succeeding fiscal year) according to the annual City audit and reappropriations by Council, Council shall appropriate at least 25% of such excess of revenues over expenditures to the fund until the fund balance reaches a sum equal to 10% of the net current fiscal year general fund appropriations. Council, upon recommendation of the Mayor, may make additional appropriations to the fund from one time or intermittent revenue sources or as provided by policy, except that such appropriations shall not cause the fund balance to exceed a sum equal to 10% of net current fiscal year general fund appropriations. Appropriations to the fund shall require approval by vote of two-thirds of the members elected and serving on Council.

Money in the fund may be appropriated by an ordinance or resolution adopted by a two-thirds vote of the members elected and serving on Council for the following purposes:

- a. To cover a general fund deficit, should the City's annual audit reveal such a deficit;
- b. To prevent a reduction in the level of public services or in the number of employees at any time in the fiscal year when the City's budgeted revenue is not being collected in an amount sufficient to cover budgeted expenses;
- c. To prevent a reduction in the level of public services or in the number of employees when, in preparing the budget for the next fiscal year, the City's estimated revenue does not appear sufficient to cover estimated expenses; and
- d. To cover expenses arising because of a natural disaster, including flood, fire or tornado, with the proviso that if Federal or State funds are received to offset the appropriations from the fund, that such money shall be returned to the fund.

Subscription-based IT Arrangements (SBITA)

Subscriber: The City is a lessee for a noncancelable subscription of an IT arrangement. The City recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements.

At the commencement of a subscription, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

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)

Subscription-based IT Arrangements (SBITA) (concluded)

Key estimates and judgements related to SBITA's included how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITA.
- The SBITA term includes the noncancelable period of the subscription. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term obligations on the statement of net position.

Leases

Lessor: The City is a lessor for a noncancelable lease of a building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

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

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

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

NOTE 3 - DEFICIT FUND EQUITY

The Cemetery, Garbage and Rubbish Collection, and Recycling Enterprise Funds reported deficits in unrestricted net position of \$1,165,744, \$1,098,132, and \$5,394,947, 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 \$31,995,624 and \$35,301,098, respectively at June 30, 2023. The deficits are a result of full-accrual accounting for long-term obligations, without reflecting a corresponding receivable for tax captures to be received in future periods (which cannot be accrued in accordance with generally accepted accounting principles).

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances for the primary government and component units (including both pooled cash and investments as well as pension and other postemployment benefit (OPEB) trust fund balances) as of June 30, 2023:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	\$ 38,534,888	\$ 10,969,750	\$ 3,982,630	\$ 53,487,268
Equity in pooled cash and investments	108,290,765	10,277,406	462,979	119,031,150
Cash and cash equivalents - restricted	189,998,682	2,694,744	-	192,693,426
Investments	-	-	573,044,370	573,044,370
	<u>\$ 336,824,335</u>	<u>\$ 23,941,900</u>	<u>\$ 577,489,979</u>	<u>\$ 938,256,214</u>

Deposits and investments

Bank deposits

Checking/savings accounts - Pension & OPEB related - nonpooled	\$ 28,097,711
Checking/savings accounts - City-wide accounts - all other	288,672,734

Investment in securities and mutual funds

Pooled investments	48,236,760
Employees' retirement system investments	188,496,007
Police and fire retirement system investments	339,605,576
Employees' money purchase pension plan investments	5,846,748
Retiree health care VEBA investments	39,096,039
Tax increment finance authority investments - pooled investments	<u>33,890</u>

Total investment in securities and mutual funds	938,085,465
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Cash on hand	<u>170,749</u>
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Total	<u>\$ 938,256,214</u>
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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, \$304,723,192 of the City's bank balance of \$307,517,892 was exposed to custodial credit risk because it was uninsured and uncollateralized. The book balance of all deposits (other than pension & OPEB related) was \$288,672,734.

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments

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

Credit Risk

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

S&P AAAm	\$ 16,857,341
AA	2,510,779
Not rated	28,846,762
Assets not subject to credit risk	<u>21,878</u>
	<u><u>\$ 48,236,760</u></u>

Interest Rate Risk

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

Due within 1 year	\$ 48,215,641
No maturity	<u>21,119</u>
	<u><u>\$ 48,236,760</u></u>

Concentration of Credit Risk

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

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

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

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

INVESTMENT TYPE	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 28,846,762	\$ -	\$ 28,846,762
Commercial paper	-	2,510,779	-	2,510,779
Money market funds	21,878	-	-	21,878
	<u>\$ 21,878</u>	<u>\$ 31,357,541</u>	<u>\$ -</u>	31,379,419
Investments carried at net asset value				
Michigan CLASS government investment pool				<u>16,857,341</u>
				<u>\$ 48,236,760</u>

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient. It has a rating of AAAM from Standard and Poor's with a weighted average maturity of 45 days.

At year end, the net asset value of the City's investment in Michigan CLASS was \$16,857,341. 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 \$28,097,711 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, 2023:

	Employees' Retirement System	Police and Fire Retirement System	Employees' Money Purchase Pension Plan	Retiree Health Care VEBA	Totals
Domestic corporate security mutual funds	\$ 13,439,468	\$ 28,326,284	\$ -	\$ -	\$ 41,765,752
Domestic equities					
Not on securities loan	28,297,591	60,624,938	-	-	88,922,529
On securities loan	9,921,665	16,119,124	-	-	26,040,789
International equities					
Not on securities loan	279,003	576,138	-	-	855,141
On securities loan	363,261	755,808	-	-	1,119,069
Emerging markets equities	8,780,117	15,473,313	-	1,086,437	25,339,867
Real estate investment mutual funds	19,778,416	27,014,029	-	-	46,792,445
International equity mutual funds	78,874,787	143,310,968	265,245	4,283,602	226,734,602
Domestic equity mutual funds	24,403,777	43,313,096	4,873,291	16,403,657	88,993,821
Domestic debt securities mutual funds	-	-	708,212	17,271,552	17,979,764
Money market funds	4,357,922	4,091,878	-	50,791	8,500,591
	<u>\$ 188,496,007</u>	<u>\$ 339,605,576</u>	<u>\$ 5,846,748</u>	<u>\$ 39,096,039</u>	<u>\$ 573,044,370</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	\$ -	\$ -	\$ 21,328	\$ 599,867	\$ 621,195
S&P AAAM	-	-	-	71,578	71,578
AA	-	-	119,087	7,375,993	7,495,080
A	-	-	511,047	1,700,219	2,211,266
BBB	-	-	56,520	3,001,773	3,058,293
BB	-	-	-	621,395	621,395
B	-	-	-	380,027	380,027
Not rated	17,802,617	32,440,480	-	3,592,278	53,835,375
Assets not subject to credit risk	170,693,390	307,165,096	5,138,766	21,752,909	504,750,161
	<u>\$ 188,496,007</u>	<u>\$ 339,605,576</u>	<u>\$ 5,846,748</u>	<u>\$ 39,096,039</u>	<u>\$ 573,044,370</u>

Custodial Credit Risk

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

Concentration of Credit Risk

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

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

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

	Employees' Retirement System	Police and Fire Retirement System	Employees' Money Purchase Pension Plan	Retiree Health Care VEBA	Totals
International equities					
Canada	\$ 415,865	\$ 867,783	\$ -	\$ -	\$ 1,283,648
Netherlands	31,889	63,778	-	-	95,667
United Kingdom	31,706	64,055	-	-	95,761
Israel	113,575	237,062	-	-	350,637
Denmark	39,972	80,753	-	-	120,725
Ireland	9,257	18,515	-	-	27,772
International mutual funds	78,874,787	143,310,968	265,245	4,283,602	226,734,602
	<u>\$ 79,517,051</u>	<u>\$ 144,642,914</u>	<u>\$ 265,245</u>	<u>\$ 4,283,602</u>	<u>\$ 228,708,812</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, 2023, maturities of the City's pension and other postemployment benefits trust debt securities, money market funds, and collateralized mortgage obligations were as follows:

Employee Retirement System

Fixed income investments with no maturity	
Domestic corporate securities mutual funds	\$ 13,439,468
Money market funds	<u>4,357,922</u>
	<u>\$ 17,797,390</u>

Police and Fire Retirement System

Fixed income investments with no maturity	
Domestic corporate securities mutual funds	\$ 28,326,284
Money market funds	<u>4,091,878</u>
	<u>\$ 32,418,162</u>

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk (concluded)

Employees' Money Purchase Pension Plan

	Investment Maturities (fair value by years)				Total
	Less than 1	1-5	6-10	More than 10	
Domestic debt securities mutual funds	\$ -	\$ 651,463	\$ 56,749	\$ -	\$ 708,212

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	\$ 17,271,552	\$ -	\$ -	\$ -	\$ 17,271,552

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, 2023, the fair value of securities on loan by the Employees' Retirement System and the Police and Fire Retirement System were \$10,284,926 and \$16,874,932, respectively, for which the Plans' received cash collateral of \$10,468,911 and \$17,151,028, 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, 2023:

Employee Retirement System

INVESTMENT TYPE	Level 1	Level 2	Level 3	Total
Domestic equities	\$ 38,219,256	\$ -	\$ -	\$ 38,219,256
International equities	642,264	-	-	642,264
Emerging market equities	8,780,117	-	-	8,780,117
Mutual funds	116,718,031	9,297,266	-	126,015,297
Money market funds	4,357,922	-	-	4,357,922
	<u>\$ 168,717,590</u>	<u>\$ 9,297,266</u>	<u>\$ -</u>	178,014,856
Investments carried at net asset value				
Real estate investment trusts				<u>10,481,151</u>
				<u>\$ 188,496,007</u>

Police and Fire Retirement System

INVESTMENT TYPE	Level 1	Level 2	Level 3	Total
Domestic equities	\$ 76,744,062	\$ -	\$ -	\$ 76,744,062
International equities	1,331,946	-	-	1,331,946
Emerging market equities	15,473,313	-	-	15,473,313
Mutual funds	191,328,528	13,430,668	-	204,759,196
Money market funds	4,091,878	-	-	4,091,878
	<u>\$ 288,969,727</u>	<u>\$ 13,430,668</u>	<u>\$ -</u>	302,400,395
Investments carried at net asset value				
Real estate investment trusts				13,583,361
International equity mutual funds				<u>23,621,820</u>
				<u>\$ 339,605,576</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, 2023. 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, 2023, the City has \$1,038,686 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	\$ 5,846,748	\$ -	\$ -	\$ 5,846,748

Retiree Healthcare VEBA

INVESTMENT TYPE	Level 1	Level 2	Level 3	Total
Emerging market equities	\$ 1,086,437	\$ -	\$ -	\$ 1,086,437
Mutual funds	37,958,811	-	-	37,958,811
Money market funds	50,791	-	-	50,791
	<u>\$ 39,096,039</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,096,039</u>

NOTE 5 - RECEIVABLES

Receivables are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 29,397,019	\$ 6,924,590	\$ 2,096,000
Taxes receivable	446,127	-	-
Special assessments receivable	10,278,221	-	-
Loans receivable	1,214,999	-	114,222
Lease receivable	416,469	-	-
Accrued interest receivable	2,409,446	163,625	-
Due from other governments	31,235,270	14,051,105	10
Contract receivable	-	16,898,350	-
Allowance for uncollectable accounts	(510,000)	(10,000)	(25,280)
	<u>\$ 74,887,551</u>	<u>\$ 38,027,670</u>	<u>\$ 2,184,952</u>
Amount not expected to be collected within one year	<u>\$ 19,718,161</u>	<u>\$ 14,707,981</u>	<u>\$ 68,812</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Restated Balance July 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 25,435,297	\$ 2,308,316	\$ -	\$ 27,743,613
Construction in process	23,528,628	13,176,920	(21,797,856)	14,907,692
Subtotal	48,963,925	15,485,236	(21,797,856)	42,651,305
Capital assets being depreciated/amortized				
Land improvements	28,953,894	1,405,022	-	30,358,916
Equipment and vehicles	44,416,857	3,869,032	(65,327)	48,220,562
Buildings	138,336,441	-	-	138,336,441
Flowage rights	20,032,880	11,722,593	-	31,755,473
Right of use - SBITA	726,265	4,839,492	-	5,565,757
Infrastructure	319,311,835	28,304,763	-	347,616,598
Subtotal	551,778,172	50,140,902	(65,327)	601,853,747
Less accumulated depreciation/amortization for:				
Land improvements	(16,027,882)	(1,156,701)	-	(17,184,583)
Equipment and vehicles	(37,306,578)	(2,412,755)	65,327	(39,654,006)
Buildings	(104,144,724)	(3,379,618)	-	(107,524,342)
Flowage rights	(667,763)	(765,451)	-	(1,433,214)
Right of use - SBITA	-	(1,056,410)	-	(1,056,410)
Infrastructure	(234,026,152)	(5,332,366)	-	(239,358,518)
Subtotal	(392,173,099)	(14,103,301)	65,327	(406,211,073)
Net capital assets being depreciated/amortized	159,605,073	36,037,601	-	195,642,674
Capital assets, net	\$ 208,568,998	\$ 51,522,837	\$ (21,797,856)	\$ 238,293,979

At June 30, 2023, the City's governmental activities had outstanding commitments through construction contracts of approximately \$57,840,000.

Depreciation/amortization expense was charged to the following governmental activities:

Depreciation/amortization of governmental activities by function	
General government	\$ 213,733
Public safety	846,929
Public works	6,191,568
Recreation and culture	3,172,768
Community and economic development	551,889
Internal service fund	3,126,414
Total depreciation/amortization expense - governmental activities	<u>\$ 14,103,301</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CAPITAL ASSETS (concluded)

	Balance July 1, 2022	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2023
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 12,369,507	\$ -	\$ -	\$ 12,369,507
Construction in progress	21,158,268	17,876,110	(3,009,502)	36,024,876
Subtotal	33,527,775	17,876,110	(3,009,502)	48,394,383
Capital assets being depreciated				
Land improvements	30,077,106	-	-	30,077,106
Equipment and vehicles	10,876,578	505,342	-	11,381,920
Buildings	194,889,124	955,659	-	195,844,783
Sewers	364,817,219	2,707,920	-	367,525,139
Subtotal	600,660,027	4,168,921	-	604,828,948
Less accumulated depreciation for:				
Land improvements	(27,731,523)	(554,301)	-	(28,285,824)
Equipment and vehicles	(7,965,957)	(492,246)	-	(8,458,203)
Buildings	(125,051,770)	(4,835,055)	-	(129,886,825)
Sewers	(130,036,176)	(7,464,284)	-	(137,500,460)
Subtotal	(290,785,426)	(13,345,886)	-	(304,131,312)
Net capital assets being depreciated	309,874,601	(9,176,965)	-	300,697,636
Capital assets, net	\$ 343,402,376	\$ 8,699,145	\$ (3,009,502)	\$ 349,092,019

At June 30, 2023, the City's business-type activities had outstanding commitments through construction contracts of approximately \$16,619,000.

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

Depreciation of business-type activities by function	
Sewage disposal system	\$ 11,113,627
Municipal parking system	2,154,115
Cemetery	9,827
Golf	62,951
Recycling	5,366
Total depreciation expense - business-type activities	<u>\$ 13,345,886</u>

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 16,429,719	\$ 6,342,968	\$ 5,303,315
Accrued payroll	2,646,555	104,110	-
Deposits payable	-	85,377	-
Due to other governments	5,342,622	-	-
Claims incurred but not reported	1,380,000	-	-
Other	2,664,986	-	468,500
	<u>\$ 28,463,882</u>	<u>\$ 6,532,455</u>	<u>\$ 5,771,815</u>

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances of the primary government as of June 30, 2023, was as follows:

Due to and from primary government funds

Due to Nonmajor Governmental Funds	
Nonmajor Governmental Funds	<u>\$ 344,008</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, 2023, interfund transfers consisted of the following:

Transfers to General Fund from:	
Nonmajor governmental funds (1)	<u>\$ 100,000</u>
Transfers to State and Federal Grants Fund from:	
General Fund (3)	<u>\$ 177,692</u>
Transfers to nonmajor governmental funds from:	
General Fund (3)	\$ 6,261,111
Nonmajor enterprise funds (2)	28,000
Nonmajor governmental funds (1)(2)	<u>3,361,002</u>
	<u>\$ 9,650,113</u>
Transfers to nonmajor enterprise funds from:	
Nonmajor governmental funds (2)	<u>\$ 550,000</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

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

Transfer to Municipal Parking System:
Internal service funds (1)

\$ 221,251

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

NOTE 9 - LONG-TERM OBLIGATIONS

General Obligation Bonds

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

	Issuance Date	Interest Rates	Original Amount	Balance July 1, 2022	Additions/ (Deletions)	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities							
2019 General Obligation Refunding - Limited Tax ⁽¹⁾	4/10/2019	4.00%	\$ 7,456,200	\$ 5,829,300	\$ (576,300)	\$ 5,253,000	\$ 599,250
2021 Capital Improvement Bonds, Series 2021 (LTGO)	12/21/2021	2.15%	10,569,000	4,185,000	(260,000)	3,925,000	270,000
2023A Capital Improvement Bonds (LTGO)	3/30/2023	4.18%	2,400,000	-	-	-	-
2023B Capital Improvement Bonds (LTGO)	6/29/2023	4.00%-5.00%	175,000,000	-	175,000,000	175,000,000	2,210,000
Montgomery Drain District - Series 2021 G.O. Bonds ⁽³⁾	8/1/2022	2.00%-2.45%	3,961,607	-	3,745,000	3,745,000	-
Montgomery Drain District - Series 2023 G.O. Bonds ⁽³⁾	3/1/2023	1.125%-4.125%	7,760,986	-	7,760,986	7,760,986	-
Montgomery Drain District - Series 2020A G.O. Bonds ⁽³⁾	9/8/2020	3.00%	20,032,880	19,615,000	(755,000)	18,860,000	-
Total Governmental Activities			227,180,673	29,629,300	184,914,686	214,543,986	3,079,250
Business-type Activities							
2009 Building Authority Refunding Bonds - Limited Tax	11/9/2009	6.85%	2,767,491	1,141,733	(711,080)	430,653	430,653
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	1.045%-2.793%	8,735,000	8,535,000	(100,000)	8,435,000	100,000
2002 Limited Tax Sewer Bond - 5005-14	3/28/2002	2.50%	12,381,131	1,501,131	(740,000)	761,131	761,131
2003 Limited Tax Sewer Bond - 5005-15	3/27/2003	2.50%	10,145,688	1,835,688	(605,000)	1,230,688	620,000
2004 Limited Tax Sewer Bond - 5005-16	3/25/2004	2.125%	3,842,649	882,649	(215,000)	667,649	220,000
2005 Limited Tax Sewer Bond - 5005-17	3/25/2004	2.125%	8,003,778	1,813,778	(445,000)	1,368,778	455,000
2005 Limited Tax Sewer Bond - 5005-18	3/34/2005	1.625%	13,389,371	3,389,371	(680,000)	2,709,371	680,000
2006 Limited Tax Sewer Bond - 5005-19	3/30/2006	1.625%	18,216,346	5,861,346	(960,000)	4,901,346	970,000
2007 Limited Tax Sewer Bond - 5005-20	3/29/2007	1.625%	24,244,726	8,884,726	(1,250,000)	7,634,726	1,250,000
2008 Limited Tax Sewer Bond - 5005-21	4/1/2008	2.50%	27,494,933	12,590,453	(1,440,000)	11,150,453	1,480,000
2008 Limited Tax Sewer Bond - 5005-22	4/17/2009	2.50%	14,455,604	8,065,604	(720,000)	7,345,604	740,000
2010 Limited Tax Sewer Bond - 5411-01	1/22/2010	2.50%	8,548,000	5,123,000	(420,000)	4,703,000	430,000
2015 Limited Tax Sewer Bond - 5211-01	4/9/2014	2.50%	3,372,405	2,372,405	(155,000)	2,217,405	160,000
2015 Limited Tax Sewer Bond - 5211-02	7/9/2014	2.50%	2,185,065	1,520,065	(100,000)	1,420,065	105,000
2016 Limited Tax Sewer Bond - 5581-01	4/11/2016	2.50%	3,206,310	2,676,310	(140,000)	2,536,310	140,000
2019 Limited Tax Sewer Bond - 5005-23	4/10/2018	2.00%	8,877,827	8,097,827	(400,000)	7,697,827	410,000
2019 Limited Tax Sewer Bond - 5672-01 ⁽²⁾	6/7/2019	2.00%	9,214,990	4,109,105	4,295,885	8,404,990	420,000
2019 General Obligation Refunding - Limited Tax - Sewer ⁽¹⁾	4/10/2019	4.00%	7,163,800	5,600,700	(553,700)	5,047,000	575,750
2022 Limited Tax Sewer Bond - 5005-24 ⁽⁴⁾	3/25/2022	2.125%	23,570,000	-	17,303,437	17,303,437	-
2023 Limited Tax Sewer Bond - 5005-25 ⁽⁵⁾	3/24/2023	1.875%	19,881,280	-	109,217	109,217	-
2020 CIB & Refunding Bonds - Municipal Parking	8/13/2020	3.00%-5.00%	9,405,000	8,690,000	(565,000)	8,125,000	600,000
Total Business-type Activities			249,906,394	103,495,891	11,508,759	115,004,650	10,547,534
Total General Obligation Bonds			\$ 477,087,067	\$ 133,125,191	\$ 196,423,445	\$ 329,548,636	\$ 13,626,784

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

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

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

(4) The annual requirements to pay the long-term debt principal and interest outstanding are not shown because the loan has not been fully drawn down and as a result the maturity schedule is not in place at year end, the first payment is anticipated to be made during fiscal year 2025.

(5) The annual requirements to pay the long-term debt principal and interest outstanding are not shown because the loan has not been fully drawn down and as a result the maturity schedule is not in place at year end, the first payment is anticipated to be made during fiscal year 2027.

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, 2022	Deletions	Balance June 30, 2023	Amounts Due Within One Year
Business-type Activities							
2013 Sewer Revenue Refunding Bonds	12/27/2012	2.40%	\$ 21,765,000	\$ 9,425,000	\$ (1,550,000)	\$ 7,875,000	\$ 1,575,000

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 \$7,875,000 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 \$1,930,688 and \$21,870,558, 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, 2022	Additions/ (Deletions)	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities							
2021 Installment Purchase Agreement (LTGO)	8/18/2021	2.14%	\$ 10,569,000	\$ 10,300,000	\$ (639,000)	\$ 9,661,000	\$ 652,000
2021 Installment Purchase Agreement (LTGO)	9/1/2021	1.81%	12,500,000	12,157,000	(770,000)	11,387,000	784,000
			\$ 23,069,000	\$ 22,457,000	\$ (1,409,000)	\$ 21,048,000	\$ 1,436,000

The purpose of the lease purchase agreements were for vehicle acquisitions as noted and the installment purchase agreements were for various 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, 2022	Additions/ (Deletions)	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities							
HUD Section 108 Loan	5/28/2015	1.52%	\$ 5,900,000	\$ 5,125,000	\$ (400,000)	\$ 4,725,000	\$ 410,000
2020 IPA Fire Truck	10/28/2020	1.40%	1,390,000	1,165,929	(129,642)	1,036,287	131,463
2014 SIB Loan	3/27/2014	3.00%	1,828,428	595,397	(263,978)	331,419	271,983
			<u>\$ 9,118,428</u>	<u>\$ 6,886,326</u>	<u>\$ (793,620)</u>	<u>\$ 6,092,706</u>	<u>\$ 813,446</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.

	Issuance Date	Interest Rate	Original Amount	Restated Balance July 1, 2022	Additions/ (Deletions)	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities							
2023 Subscription-based IT arrangement	9/22/2022	1.85%	\$ 3,520,987	\$ -	\$ 3,040,639	3,040,639	\$ 463,057
2023 Subscription-based IT arrangement	7/8/2022	1.85%	899,659	-	594,259	594,259	294,406
2023 Subscription-based IT arrangement	2/21/2023	1.85%	304,453	-	262,766	262,766	100,230
2023 Subscription-based IT arrangement	7/1/2022	1.85%	114,393	-	76,846	76,846	38,068
2022 Subscription-based IT arrangement	11/16/2021	1.85%	916,306	726,265	(176,605)	549,660	179,872
			<u>\$ 5,755,798</u>	<u>\$ 726,265</u>	<u>\$ 3,797,905</u>	<u>\$ 4,524,170</u>	<u>\$ 1,075,633</u>

The City's outstanding notes from direct borrowings and direct placements related to governmental activities of \$31,664,876 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

Current Year Defeasances of Debt

On June 29, 2023, the City defeased the 2023A Capital Improvement Bond, which were due and payable in 2025. This was accomplished by establishing irrevocable trust with an escrow agent composed of U.S. Government Securities sufficient to meet the applicable principal and interest payments. The City issued 2023B Capital Improvement Bonds. 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 refunded bonds being issued and defeased in the same year with no premium or discount, there is not economic gain or loss.

Prior Year Defeased Debt

As of June 30, 2023, defeased bonds related to the prior year refunding of the 2009 Building Authority Capital Appreciation Bonds were still outstanding in the amount of \$590,983. The defeased bonds are scheduled to be paid by the escrow agent in installments on June 1, 2024.

As of June 30, 2023, defeased bonds related to the prior year refunding of the 2018 Building Authority Refunding Bonds were still outstanding in the amount of \$3,660,000. 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)

Prior Year Defeased Debt (concluded)

As of June 30, 2023, defeased bonds related to the prior year refunding of the 2014 TIFA and BA Refunding Bonds were still outstanding in the amount of \$10,965,000. The defeased bonds are scheduled to be paid by the escrow agent in June 2024.

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2023.

	As Restated Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Amounts Due Within One Year
Governmental Activities					
General obligation bonds	\$ 29,629,300	\$ 189,122,593	\$ (4,207,907)	\$ 214,543,986	\$ 3,079,250
Notes from direct borrowings and direct placements					
Installment purchase agreements	22,457,000	-	(1,409,000)	21,048,000	1,436,000
Subscription-based IT arrangement payable	726,265	4,839,492	(1,041,587)	4,524,170	1,075,633
Loans payable	6,886,326	-	(793,620)	6,092,706	813,446
	59,698,891	193,962,085	(7,452,114)	246,208,862	6,404,329
Deferred amounts for issuance premiums	586,222	10,989,553	(49,540)	11,526,235	-
Compensated absences	10,962,758	1,350,861	(1,124,855)	11,188,764	1,124,854
Accrued workers compensation	3,082,191	892,632	(985,391)	2,989,432	582,515
	<u>\$ 74,330,062</u>	<u>\$ 207,195,131</u>	<u>\$ (9,611,900)</u>	<u>\$ 271,913,293</u>	<u>\$ 8,111,698</u>
Business-type Activities					
General obligation bonds	\$ 103,495,891	\$ 22,113,539	\$ (10,604,780)	\$ 115,004,650	\$ 10,547,534
Revenue bonds	9,425,000	-	(1,550,000)	7,875,000	1,575,000
	112,920,891	22,113,539	(12,154,780)	122,879,650	12,122,534
Deferred amounts					
For issuance discounts	(144,942)	-	65,291	(79,651)	-
For issuance premiums	2,143,101	-	(170,517)	1,972,584	-
Compensated absences	883,233	55,371	(52,649)	885,955	52,649
	<u>\$ 115,802,283</u>	<u>\$ 22,168,910</u>	<u>\$ (12,312,655)</u>	<u>\$ 125,658,538</u>	<u>\$ 12,175,183</u>
Component Units					
Brownfield Redevelopment Authority					
Revenue bonds	\$ 39,720,000	\$ -	\$ (625,000)	\$ 39,095,000	\$ 730,000
Direct borrowings and direct placements					
Loan payable	476,820	-	-	476,820	91,060
	40,196,820	-	(625,000)	39,571,820	821,060
Less unamortized discount on general obligation bonds	(739,022)	-	26,263	(712,759)	-
	<u>39,457,798</u>	<u>-</u>	<u>(598,737)</u>	<u>38,859,061</u>	<u>821,060</u>
Tax Increment Financing Authority					
General obligation bonds	28,265,000	-	(50,000)	28,215,000	50,000
Direct borrowings and direct placements					
Contract payable	10,009,580	-	-	10,009,580	-
	38,274,580	-	(50,000)	38,224,580	50,000
Add accreted interest on contract payable	4,115,881	435,795	(1,725,000)	2,826,676	1,508,137
	<u>42,390,461</u>	<u>435,795</u>	<u>(1,775,000)</u>	<u>41,051,256</u>	<u>1,558,137</u>
Lansing Entertainment and Public Facilities Authority					
Direct borrowings and direct placements					
Lease payable	61,084	-	(40,519)	20,565	20,565
Total component units	<u>\$ 81,909,343</u>	<u>\$ 435,795</u>	<u>\$ (2,414,256)</u>	<u>\$ 79,930,882</u>	<u>\$ 2,399,762</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
2024	\$ 3,079,250	\$ 8,806,619	\$ 10,547,534	\$ 3,166,917	\$ 1,575,000	\$ 303,188
2025	3,585,736	9,311,425	9,525,938	2,207,813	1,575,000	224,438
2026	3,935,250	9,168,326	9,546,177	2,012,406	1,575,000	145,688
2027	4,310,750	8,961,855	8,878,621	1,781,090	1,575,000	98,438
2028	4,708,800	8,544,652	8,217,546	1,566,762	1,575,000	49,218
2029-2033	28,146,450	39,510,194	27,407,333	5,233,604	-	-
2034-2038	38,637,750	32,298,588	18,381,030	2,074,526	-	-
2039-2043	53,630,000	22,962,522	5,087,817	135,324	-	-
2044-2048	69,590,000	9,714,187	-	-	-	-
2049-2051	4,920,000	200,628	-	-	-	-
	<u>\$ 214,543,986</u>	<u>\$ 149,478,996</u>	<u>\$ 97,591,996</u>	<u>\$ 18,178,442</u>	<u>\$ 7,875,000</u>	<u>\$ 820,970</u>

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

Year Ending June 30,	Direct Borrowings and Direct Placements	
	Governmental Activities	
	Principal	Interest
2024	\$ 3,325,079	\$ 316,518
2025	3,173,301	265,946
2026	2,852,260	220,716
2027	2,622,185	221,332
2028	2,678,585	410,842
2029-2033	11,672,466	1,223,776
2034-2036	5,341,000	185,179
	<u>\$ 31,664,876</u>	<u>\$ 2,844,309</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - FUND BALANCES - GOVERNMENTAL FUNDS

The City classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	State and Federal Grants	CERA - MSHDA	Public Safety Capital Projects	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ -	\$ 1,218,842	\$ 1,218,842
Prepays	951,644	-	-	-	-	951,644
Corpus of permanent funds	-	-	-	-	1,911,564	1,911,564
Restricted						
Major and local streets - public works	-	-	-	-	17,951,861	17,951,861
Drug law and narcotics enforcement - public safety	-	-	-	-	730,370	730,370
Downtown Lansing - community development - public safety	-	-	-	-	335,290	335,290
Debt service	-	-	-	-	11,018,914	11,018,914
Building department	-	-	-	-	4,583,754	4,583,754
Community development	-	-	-	-	1	1
Public safety	-	-	-	171,157,405	368,245	171,525,650
Capital projects - public works	-	-	-	-	2,324,706	2,324,706
Stabilization arrangement	7,792,610	-	-	-	-	7,792,610
Committed						
City parks	-	-	-	-	499,521	499,521
Capital improvements	-	-	-	-	7,768,785	7,768,785
Unassigned	20,917,243	-	-	-	-	20,917,243
TOTAL FUND BALANCES	\$ 29,661,497	\$ -	\$ -	\$ 171,157,405	\$ 48,711,853	\$ 249,530,755

NOTE 11 - NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2023, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets			
Capital assets not being depreciated/amortized	\$ 42,651,305	\$ 48,394,383	\$ -
Capital assets being depreciated/amortized, net	195,642,674	300,697,636	62,509
Total capital assets	238,293,979	349,092,019	62,509
Related debt			
General obligation bonds	214,543,986	115,004,650	-
Direct borrowing and direct placements	-	-	20,565
Revenue bonds	-	7,875,000	-
Installment purchase agreements (IPA)	21,048,000	-	-
Loans payable	6,092,706	-	-
Subscription-based IT arrangement payable	4,524,170	-	-
Unamortized bond discounts	-	(79,651)	-
Unamortized bond premiums	11,526,235	1,972,584	-
Deferred charge on bond refunding	(209,679)	(3,659,740)	-
Unspent bond proceeds	(171,157,405)	-	-
Unspent IPA proceeds	(1,007,928)	-	-
Total related debt	85,360,085	121,112,843	20,565
Net investment in capital assets	\$ 152,933,894	\$ 227,979,176	\$ 41,944

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, 2023	2022
Estimated liability, beginning of year	\$ 1,500,000	\$ 1,635,000
Estimated claims incurred, including changes in estimates	13,271,334	11,139,554
Claim payments	<u>(13,391,334)</u>	<u>(11,274,554)</u>
Estimated liability, end of year	<u>\$ 1,380,000</u>	<u>\$ 1,500,000</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 \$17,500,000 per occurrence with a \$100,000 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, 2023	2022
Estimated liability, beginning of year	\$ 3,082,191	\$ 2,789,472
Estimated claims incurred, including changes in estimates	892,632	1,758,032
Claim payments	<u>(985,391)</u>	<u>(1,465,313)</u>
Estimated liability, end of year	<u>\$ 2,989,432</u>	<u>\$ 3,082,191</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 2022 taxable value for all properties within the City is \$2,541,061,751.

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, 2023 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, 2022, plan membership consisted of the following:

Inactive employees or beneficiaries receiving benefits	926
Inactive employees entitled to but not yet receiving benefits	206
Vested and non-vested active participants	<u>411</u>
Total employees covered by the Plan	<u><u>1,543</u></u>

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.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Benefits Provided (concluded)

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%

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, 2023 was 42.70% 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%

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' 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 is shown on the following pages.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations

At June 30, 2023, 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.

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, 2022 to June 30, 2023 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, 2023 is as follows:

<u>Reserve/Group</u>	<u>Balance</u>
Employee savings fund	\$ 12,141,302
Retirement reserve fund	119,644,824
Pension accumulation fund	836,169
Members benefit fund	13,441,835
Health insurance fund	44,189,634

Net Pension Liability

The components of the net pension liability for the employees' retirement system at June 30, 2023 were as follows:

Total Pension Liability	\$ 309,969,879
Plan Fiduciary Net Position	<u>145,869,058</u>
Net Pension Liability	<u><u>\$ 164,100,821</u></u>
Plan fiduciary net position as percentage of total Pension Liability	47.06%

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: Inflation, plus service based increases.

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the 2015-2019 experience study.

Assumption changes - there were no changes in actuarial assumptions during fiscal year 2023. More details regarding actuarial assumptions can be found in the December 31, 2022 valuation reports for each system.

Benefit changes - there were no changes to benefits in the current year.

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, 2022, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return	Money-Weighted Rate of Return
Domestic Equity	27.00%	6.25%	1.69%
International Equity - Developed	12.00%	6.15%	0.74%
International Equity - Emerging	4.00%	6.55%	0.26%
Fixed Income - U.S.	25.00%	2.05%	0.51%
Real Estate	10.00%	4.85%	0.49%
Global Opportunistic Fixed Income	6.00%	4.50%	0.27%
Global Equity Long/Short	10.00%	4.75%	0.48%
Absolute Return	6.00%	4.65%	0.28%
	<u>100.00%</u>		4.71%
Inflation			2.50%
Risk adjustment			<u>-0.21%</u>
Investment rate of return			<u>7.00%</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
<u>Changes in Net Pension Liability</u>			
Balances at June 30, 2022	\$ 312,157,774	\$ 153,666,353	\$ 158,491,421
Changes for the Year			
Service cost	2,889,649	-	2,889,649
Interest on total pension liability	21,220,221	-	21,220,221
Difference between expected and actual experience	(2,085,433)	-	(2,085,433)
Employer contributions	-	11,675,068	(11,675,068)
Employee contributions	-	1,418,513	(1,418,513)
Net investment income	-	3,436,309	(3,436,309)
Benefit payments, including employee refunds	(24,212,331)	(24,212,331)	-
Administrative expense	-	(114,853)	114,853
Net changes	(2,187,894)	(7,797,294)	5,609,400
Balances as of June 30, 2023	\$ 309,969,880	\$ 145,869,059	\$ 164,100,821

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	\$ 192,551,094	\$ 164,100,821	\$ 137,950,474

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, 2023, the City recognized ERS pension expense of \$16,787,901. At June 30, 2023, 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	\$ -	\$ 2,881,458
Net difference between projected and actual earnings on pension plan investments	<u>13,821,268</u>	<u>-</u>
Total	<u><u>\$ 13,821,268</u></u>	<u><u>\$ 2,881,458</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
2024	\$ 1,845,119
2025	933,976
2026	6,794,984
2027	<u>1,365,731</u>
	<u><u>\$ 10,939,810</u></u>

At June 30, 2023, the City did not have any outstanding contributions to the pension plan required for the year ended June 30, 2023.

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.

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Plan Description (concluded)

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.

Plan Membership

At December 31, 2022, plan membership consisted of the following:

Inactive employees or beneficiaries receiving benefits	791
Inactive employees entitled to but not yet receiving benefits	68
Vested and non-vested active participants	<u>362</u>
Total employees covered by the Plan	<u><u>1,221</u></u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Benefits Provided

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

Contributions

The contribution requirements of plan members are established and may be amended by the City Council in accordance with City policies, union contracts, and Plan provisions. Fire members are required to contribute 10.0% of their annual wages to the plan, fire members hired after May 19, 2014 are required to contribute 7.00%. Police supervisors are required to contribute 9.52%, police non-supervisors are required to contribute 9.0%, and police non-supervisors hired after August 1, 2014 are required to contribute 7.00%. Chapter 294 of the City of Lansing's Ordinance establishes benefit provisions and requires that the portion of the annuity and pension reserves (which are determined annually by the City's actuary) not financed by member contributions shall be financed by annual appropriations. The City's contribution rate for the plan for the year ended June 30, 2023 was 54.80% 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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations

At June 30, 2023, 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.

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE 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, 2022 to June 30, 2023 has been included in the Retirement reserve 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, 2023 is as follows:

<u>Reserve/Group</u>	<u>Balance</u>
Retirement reserve fund	\$ 262,710,730
Employee savings fund	25,098,064
Health insurance fund	53,941,846

Net Pension Liability

The components of the net pension liability for the police and fire retirement system at June 30, 2023, were as follows:

Total Pension Liability	\$ 525,035,189
Plan Fiduciary Net Position	<u>286,638,408</u>
Net Pension Liability	<u><u>\$ 238,396,781</u></u>
Plan fiduciary net position as percentage of total Pension Liability	54.59%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: Inflation, plus service based increases.

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the 2015-2019 experience study.

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Actuarial Assumptions (concluded)

Assumption changes - there were no changes in actuarial assumptions during fiscal year 2023. More details regarding actuarial assumptions can be found in the December 31, 2022 valuation reports for each system.

Benefit changes – there were changes made to the compensation and benefit multiplier for the police and non-supervisory hires after August 1, 2014 and firefighters hired after May 1, 2014 based on the collective bargaining agreements.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Money-Weighted Rate of Return</u>
Domestic Equity	27.00%	6.25%	1.69%
International Equity - Developed	12.00%	6.15%	0.74%
International Equity - Emerging	4.00%	6.55%	0.26%
Fixed Income - U.S.	25.00%	2.05%	0.51%
Real Estate	10.00%	4.85%	0.49%
Global Opportunistic Fixed Income	6.00%	4.50%	0.27%
Global Equity Long/Short	10.00%	4.75%	0.48%
Absolute Return	6.00%	4.65%	0.28%
	<u>100.00%</u>		4.71%
Inflation			2.50%
Risk adjustment			<u>-0.21%</u>
Investment rate of return			<u>7.00%</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 16 - PENSION PLANS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
<u>Changes in Net Pension Liability</u>			
Balances at June 30, 2022	\$ 502,879,789	\$ 289,411,315	\$ 213,468,474
Changes for the Year			
Service cost	7,853,786	-	7,853,786
Interest on total pension liability	34,431,238	-	34,431,238
Benefit changes	295,273	-	295,273
Difference between expected and actual experience	17,292,601	-	17,292,601
Employer contributions	-	18,165,988	(18,165,988)
Employee contributions	-	2,967,886	(2,967,886)
Net investment income	-	13,936,766	(13,936,766)
Benefit payments, including employee refunds	(37,717,498)	(37,717,498)	-
Administrative expense	-	(126,049)	126,049
Net changes	22,155,400	(2,772,907)	24,928,307
Balances as of June 30, 2023	\$ 525,035,189	\$ 286,638,408	\$ 238,396,781

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	\$ 295,419,917	\$ 238,396,781	\$ 186,805,140

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, 2023, the City recognized Police and Fire Retirement System pension expense of \$37,762,904. At June 30, 2023, 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	\$ 16,290,161	\$ 736,112
Changes in assumptions	6,006,284	-
Net difference between projected and actual earnings on pension plan investments	<u>21,322,565</u>	<u>-</u>
Total	<u><u>\$ 43,619,010</u></u>	<u><u>\$ 736,112</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
2024	\$ 17,270,932
2025	8,081,100
2026	16,414,216
2027	<u>1,116,650</u>
	<u><u>\$ 42,882,898</u></u>

At June 30, 2023, the City did not have any outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

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	\$ 164,100,821	\$ 238,396,781	\$ 402,497,602
Deferred outflows - pension	13,821,268	43,619,010	57,440,278
Deferred inflows - pension	2,881,458	736,112	3,617,570
Pension expense	16,748,886	37,528,827	54,277,713

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, 2023 were \$484,836 for plan members. Employee contributions for the year ended June 30, 2023 were \$485,559. 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, 2023, the City contributed \$12,126,259 (direct benefit payments of \$10,707,746 and City contributions of \$1,418,513) to the Plan.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 16.42%. 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, 2023, were as follows:

Total OPEB Liability	\$ 159,215,804
Plan Fiduciary Net Position	<u>83,503,010</u>
Net OPEB Liability	<u>\$ 75,712,794</u>
Plan fiduciary net position as percentage of total OPEB liability	52.45%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

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

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Actuarial Assumptions (concluded)

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

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

Assumption changes - there were no changes of assumptions in 2023.

Benefit changes - there were no changes to benefits in 2023.

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, 2023 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, 2023 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%	6.25%	2.00%
International Equity - Developed	12.00%	6.40%	0.77%
International Equity - Emerging	4.00%	7.00%	0.28%
Fixed Income - U.S.	22.00%	2.25%	0.50%
Real Assets	10.00%	4.55%	0.46%
Global Opportunistic Fixed Income	5.00%	3.55%	0.18%
Global Equity Long/Short	10.00%	5.25%	0.53%
Absolute Return	5.00%	4.25%	0.21%
	<u>100.00%</u>		4.91%
Inflation			2.50%
Risk adjustment			-0.41%
Investment rate of return			<u>7.00%</u>

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

EMPLOYEES' RETIREMENT SYSTEM (continued)

Discount Rate

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

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

Calculating the Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2022	\$ 157,216,430	\$ 69,887,591	\$ 87,328,839
Changes for the year			
Service cost	1,647,129	-	1,647,129
Interest on total OPEB liability	10,762,261	-	10,762,261
Employer contributions	-	12,126,259	(12,126,259)
Net investment income	-	12,596,837	(12,596,837)
Benefit payments	(10,410,016)	(10,410,016)	-
Administrative expense	-	(697,661)	697,661
Net changes	1,999,374	13,615,419	(11,616,045)
Balances as of June 30, 2023	\$ 159,215,804	\$ 83,503,010	\$ 75,712,794

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	\$ 94,836,339	\$ 75,712,794	\$ 59,909,729

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

EMPLOYEES' RETIREMENT SYSTEM (concluded)

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%
	<u> </u>	<u> </u>	<u> </u>
Net OPEB liability	\$ 59,311,067	\$ 75,712,794	\$ 95,418,873
	<u> </u>	<u> </u>	<u> </u>

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

For the year ended June 30, 2023, the City recognized OPEB benefit of \$26,333,129. At June 30, 2023, 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
	<u> </u>	<u> </u>
Net difference between projected and actual earnings on plan investments	\$ 1,517,751	\$ -
	<u> </u>	<u> </u>

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
	<u> </u>
2024	\$ 613,562
2025	598,116
2026	1,843,189
2027	(1,537,116)
	<u> </u>
	\$ 1,517,751
	<u> </u>

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, 2023, the City reported no amount payable to the OPEB plan.

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

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, 2023, the City contributed \$11,304,220 (direct benefit payments of \$9,954,220 and City contributions of \$1,350,000) 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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 24.41%. 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, 2023, were as follows:

Total OPEB Liability	\$ 211,745,553
Plan Fiduciary Net Position	<u>55,112,232</u>
Net OPEB Liability	<u>\$ 156,633,321</u>
Plan fiduciary net position as percentage of total OPEB liability	26.03%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

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

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

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

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

Assumption changes - there were no changes of assumptions in 2023.

Benefit changes - there were no changes to benefits in 2023.

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, 2023 is summarized in the table below.

**CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS**

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Investment Policy (concluded)

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, 2023 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%	6.25%	2.00%
International Equity - Developed	12.00%	6.40%	0.77%
International Equity - Emerging	4.00%	7.00%	0.28%
Fixed Income - U.S.	22.00%	2.25%	0.50%
Real Assets	10.00%	4.55%	0.46%
Global Opportunistic Fixed Income	5.00%	3.55%	0.18%
Global Equity Long/Short	10.00%	5.25%	0.53%
Absolute Return	5.00%	4.25%	0.21%
	<u>100.00%</u>		4.91%
Inflation			2.50%
Risk adjustment			-0.41%
Investment rate of return			<u>7.00%</u>

Discount Rate

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (continued)

POLICE AND FIRE RETIREMENT SYSTEM (continued)

Discount Rate (concluded)

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, 2022	\$ 202,871,379	\$ 41,918,165	\$ 160,953,214
Changes for the year			
Service cost	3,904,624	-	3,904,624
Interest on total OPEB liability	14,158,158	-	14,158,158
Employer contributions	-	11,304,220	(11,304,220)
Net investment income	-	11,844,067	(11,844,067)
Benefit payments	(9,188,608)	(9,188,608)	-
Administrative expense	-	(765,612)	765,612
Net changes	8,874,174	13,194,067	(4,319,893)
Balances as of June 30, 2023	\$ 211,745,553	\$ 55,112,232	\$ 156,633,321

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	\$ 184,494,856	\$ 156,633,321	\$ 134,038,149

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%
	<u> </u>	<u> </u>	<u> </u>
Net OPEB liability	\$ 133,026,010	\$ 156,633,321	\$ 185,609,608
	<u> </u>	<u> </u>	<u> </u>

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

For the year ended June 30, 2023, the City recognized OPEB benefit of \$14,067,610. At June 30, 2023, 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
	<u> </u>	<u> </u>
Changes in assumptions	\$ -	\$ 40,599,944
Differences between expected and actual experience	-	17,803,497
Net difference between projected and actual earnings on plan investments	-	711,573
	<u> </u>	<u> </u>
Total	\$ -	\$ 59,115,014
	<u> </u>	<u> </u>

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
	<u> </u>
2024	\$ (58,104,720)
2025	349,521
2026	422,144
2027	(1,781,959)
	<u> </u>
	\$ (59,115,014)
	<u> </u>

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, 2023, 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	\$ 75,712,794	\$ 156,633,321	\$ 232,346,115
Deferred outflows - OPEB	1,517,751	-	1,517,751
Deferred inflows - OPEB	-	59,115,014	59,115,014
OPEB expense (benefit)	(26,333,129)	(14,067,610)	(40,400,739)

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	\$ 1,451,043	\$ 367,608	\$ 1,847,303	\$ 316,676	-	-	\$ 3,982,630
Equity in pooled cash and investments	-	-	-	-	-	742	742
Investments							
Mutual funds	104,611,851	31,884,597	202,938,418	39,025,959	5,846,748	37,958,811	422,266,384
Domestic equities	29,291,510	8,927,746	64,365,209	12,378,853	-	-	114,963,318
International equities	492,236	150,028	1,117,102	214,844	-	-	1,974,210
Emerging market equities	6,729,144	2,050,973	12,977,460	2,495,853	-	1,086,437	25,339,867
Money market funds	3,339,943	1,017,979	3,428,851	663,027	-	50,791	8,500,591
Due from other governmental units	-	-	-	4,653	-	-	4,653
Prepays	284	86	-	-	-	-	370
Dividends and interest receivable	37,152	11,324	140,583	12,367	-	21,523	222,949
Total assets	145,953,163	44,410,341	286,814,926	55,112,232	5,846,748	39,118,304	577,255,714
Liabilities							
Accounts payable	84,105	25,635	176,518	-	-	-	286,258
Due to other governmental units	-	-	-	-	4,653	-	4,653
Total liabilities	84,105	25,635	176,518	-	4,653	-	290,911
Net position restricted for:							
Pension benefits	145,869,058	-	286,638,408	-	5,842,095	-	438,349,561
Other postemployment benefits	-	44,384,706	-	55,112,232	-	39,118,304	138,615,242
Total net position	\$ 145,869,058	\$ 44,384,706	\$ 286,638,408	\$ 55,112,232	\$ 5,842,095	\$ 39,118,304	\$ 576,964,803

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (concluded)

	Changes in Pension and Other Postemployment Benefits Net Position						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	
Additions							
Investment income							
Net appreciation (decrease) in fair value of investments	\$ 4,225,998	\$ 8,993,061	\$ 13,936,766	\$ 11,844,067	\$ 740,813	\$ 2,486,252	\$ 42,226,957
Interest income (loss)	15,723	-	-	-	-	1,106,309	1,122,032
Investment expenses	(805,413)	-	-	-	-	-	(805,413)
Net investment income	3,436,308	8,993,061	13,936,766	11,844,067	740,813	3,592,561	42,543,576
Contributions							
Employer	11,675,068	11,357,259	18,165,988	11,304,220	451,903	769,000	53,723,438
Plan members	1,418,513	-	2,967,886	-	333,163	-	4,719,562
Total contributions	13,093,581	11,357,259	21,133,874	11,304,220	785,066	769,000	58,443,000
Deductions							
Participant benefits	24,212,331	10,410,016	37,717,498	9,188,608	-	-	81,528,453
Administrative expense	114,853	577,351	126,049	765,612	228,710	109,095	1,921,670
Total deductions	24,327,184	10,987,367	37,843,547	9,954,220	228,710	109,095	83,450,123
Change in net position	(7,797,295)	9,362,953	(2,772,907)	13,194,067	1,297,169	4,252,466	17,536,453
Net position restricted for pension and other postemployment benefits							
Beginning of year	153,666,353	35,021,753	289,411,315	41,918,165	4,544,926	34,865,838	559,428,350
End of year	\$ 145,869,058	\$ 44,384,706	\$ 286,638,408	\$ 55,112,232	\$ 5,842,095	\$ 39,118,304	\$ 576,964,803

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 2023 amounted to \$115,941.
- 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 2023.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 18 - TAX ABATEMENTS (concluded)

- To incentivize new or expanded businesses, Public Act 328 allows for Personal Property Tax Exemptions for qualified businesses located within eligible distressed communities. The exemption must be approved by the City Council and the State Treasurer. Once approved, the taxpayer is exempt from personal property tax on new investments after the date of the exemption. The City can recapture the taxes if the business defaults on the terms of the written agreement. Property taxes abated by the City under this program for fiscal year 2023 amounted to \$3,572,195.
- 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. 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 2023 amounted to \$2,402,422.

NOTE 19 - ASSETS HELD BY FOUNDATION

During 2020 the City contributed \$1,296,395 from the sale of Waverly Park to the City of Lansing Parks and Recreation Endowment Fund, which is held by the Capital Region Community Foundation (CRCF) on behalf of the City, from which only a certain component is spendable. During 2022 the City contributed \$29,835. The City did not make any contributions during fiscal year 2023. 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, 2023, the fund has a value of \$1,593,553.

NOTE 20 - LEASE RECEIVABLE

During the current fiscal year, the City began leasing one of its buildings to a third-party. The lease is for 20 years, and the City will receive annual payments of \$24,000, increasing by 2.5% annually. The City recognized \$11,541 in lease revenue and \$0 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the City's receivable for lease payments was \$416,469. Also, the City has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$428,928.

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 21 - CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2023, the City implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. 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.

	Governmental Activities	
	Capital Assets, Net	Long-term Obligations
Balance as of July 1, 2022, as previously stated	\$ 207,842,733	\$ 73,603,797
Adoption of GASB Statement No. 96	726,265	726,265
Balance as of July1, 2022 as restated	<u>\$ 208,568,998</u>	<u>\$ 74,330,062</u>
	Internal Service Funds	
	Capital Assets, Net	Long-term Obligations
Balance as of July 1, 2022, as previously stated	\$ 9,323,211	\$ 1,165,929
Adoption of GASB Statement No. 96	726,265	726,265
Balance as of July1, 2022 as restated	<u>\$ 10,049,476</u>	<u>\$ 1,892,194</u>

NOTE 22 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

CITY OF LANSING
NOTES TO FINANCIAL STATEMENTS

NOTE 22 - UPCOMING ACCOUNTING PRONOUNCEMENTS (concluded)

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

NOTE 23 - SUBSEQUENT EVENTS

Subsequent to year end, the City issued Capital Improvement Bonds Series 2023 on August 16, 2023 in the amount of \$20,000,000.

Subsequent to year end, the City received \$11,552,892 from the State of Michigan for grant related to Protecting MI Pension Grant Funding.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LANSING
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 48,245,000	\$ 48,245,000	\$ 45,752,274	\$ (2,492,726)
Income taxes	37,510,000	37,510,000	40,957,011	3,447,011
Licenses and permits	1,769,300	1,769,300	2,000,219	230,919
Intergovernmental	31,232,000	31,232,000	33,244,473	2,012,473
Charges for services	9,256,001	9,256,001	11,817,041	2,561,040
Fines and forfeits	1,692,200	1,692,200	1,427,593	(264,607)
Interest and rents	330,000	330,000	823,618	493,618
Other				
Donations and contributions	25,300,000	25,300,000	26,624,190	1,324,190
Miscellaneous	340,000	708,245	256,657	(451,588)
TOTAL REVENUES	155,674,501	156,042,746	162,903,076	6,860,330
EXPENDITURES				
Current				
General government				
City clerk				
Personnel	1,103,136	1,103,136	1,051,603	51,533
Operating	439,055	439,055	451,050	(11,995)
Total city clerk	1,542,191	1,542,191	1,502,653	39,538
Council				
Personnel	670,262	620,262	564,992	55,270
Operating	264,274	264,274	234,558	29,716
Total council	934,536	884,536	799,550	84,986
Finance				
Personnel	5,071,369	4,871,369	4,492,541	378,828
Operating	1,397,873	1,397,873	1,704,150	(306,277)
Total finance	6,469,242	6,269,242	6,196,691	72,551
Library rental				
Operating	136,150	137,150	447,584	(310,434)
Human resources				
Personnel	1,609,829	1,459,829	1,668,046	(208,217)
Operating	1,114,233	1,014,233	620,813	393,420
Total human resources	2,724,062	2,474,062	2,288,859	185,203
City supported agencies				
Operating	487,500	749,665	562,710	186,955
Mayor				
Personnel	2,056,165	2,056,165	2,231,655	(175,490)
Operating	319,880	319,880	692,352	(372,472)
Total mayor	2,376,045	2,376,045	2,924,007	(547,962)
Contingency	(700,000)	-	-	-
Total general government	13,969,726	14,432,891	14,722,054	(289,163)

CONTINUED

**CITY OF LANSING
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
EXPENDITURES (continued)				
Current (continued)				
Judicial				
Personnel	\$ 7,040,331	\$ 6,940,331	\$ 1,894,003	\$ 5,046,328
Operating	1,801,110	1,801,110	6,343,198	(4,542,088)
Total judicial	8,841,441	8,741,441	8,237,201	504,240
Public safety				
Police				
Personnel	43,330,653	43,280,653	42,648,628	632,025
Operating	8,250,201	8,372,949	8,182,155	190,794
Total police	51,580,854	51,653,602	50,830,783	822,819
Fire				
Personnel	34,484,467	34,434,467	34,562,829	(128,362)
Operating	5,788,205	5,910,953	5,650,425	260,528
Total fire	40,272,672	40,345,420	40,213,254	132,166
Total public safety	91,853,526	91,999,022	91,044,037	954,985
Public works				
Personnel	2,995,961	2,995,961	2,522,281	473,680
Operating	9,575,390	9,575,390	11,175,516	(1,600,126)
Total public works	12,571,351	12,571,351	13,697,797	(1,126,446)
Recreation and culture				
Personnel	5,759,154	5,759,154	4,846,732	912,422
Operating	4,369,790	4,369,790	5,145,795	(776,005)
Total recreation and culture	10,128,944	10,128,944	9,992,527	136,417
Community and economic development				
Economic development & planning				
Personnel	3,364,071	3,364,071	3,229,040	135,031
Operating	3,408,228	3,408,228	3,437,122	(28,894)
Total economic development & planning	6,772,299	6,772,299	6,666,162	106,137
Neighborhood & community engagement				
Personnel	790,097	790,097	495,307	294,790
Operating	536,199	536,199	139,268	396,931
Total neighborhood & community engagement	1,326,296	1,326,296	634,575	691,721
Human relations/community services				
Personnel	1,669,373	1,669,373	1,480,549	188,824
Operating	173,445	296,194	158,203	137,991
Total human relations/community services	1,842,818	1,965,567	1,638,752	326,815
Human services/community support				
Operating	1,960,000	2,823,521	1,878,402	945,119
Total community and economic development	11,901,413	12,887,683	10,817,891	2,069,792

CONTINUED

**CITY OF LANSING
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (concluded)
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
EXPENDITURES (concluded)				
Debt service				
Principal	\$ 770,000	\$ 770,000	\$ 1,409,000	\$ (639,000)
Interest and fiscal charges	217,100	217,100	434,071	(216,971)
Total debt service	987,100	987,100	1,843,071	(855,971)
TOTAL EXPENDITURES	150,253,501	151,748,432	150,354,578	1,393,854
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,421,000	4,294,314	12,548,498	8,254,184
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	(5,521,000)	(5,521,000)	(6,438,803)	(917,803)
TOTAL OTHER FINANCING SOURCES (USES)	(5,421,000)	(5,421,000)	(6,338,803)	(917,803)
NET CHANGE IN FUND BALANCE	-	(1,126,686)	6,209,695	7,336,381
Fund balance, beginning of year	23,451,802	23,451,802	23,451,802	-
Fund balance, end of year	\$ 23,451,802	\$ 22,325,116	\$ 29,661,497	\$ 7,336,381

CITY OF LANSING
STATE AND FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,065,800	\$ 1,065,800	\$ 19,575,851	\$ 18,510,051
Interest and rents	-	-	1,307,228	1,307,228
Other revenues	-	-	115,330	115,330
TOTAL REVENUES	1,065,800	1,065,800	20,998,409	19,932,609
EXPENDITURES				
Current				
General government				
Personnel	-	-	137,857	(137,857)
Operations	-	-	3,433,804	(3,433,804)
Total general government	-	-	3,571,661	(3,571,661)
Public safety				
Personnel	-	-	874,886	(874,886)
Operations	-	-	2,974,177	(2,974,177)
Total public safety	-	-	3,849,063	(3,849,063)
Public works				
Operations	-	-	2,653,109	(2,653,109)
Judicial				
Operations	-	-	278,831	(278,831)
Health and welfare				
Personnel	-	-	9,619	(9,619)
Operations	-	-	884,344	(884,344)
Total health and welfare	-	-	893,963	(893,963)
Community and economic development				
Personnel	99,457	99,457	210,996	(111,539)
Operations	966,343	966,343	5,730,177	(4,763,834)
Total community and economic development	1,065,800	1,065,800	5,941,173	(4,875,373)
Recreation and culture				
Personnel	-	-	17,062	(17,062)
Operations	-	-	3,971,239	(3,971,239)
Total recreation and culture	-	-	3,988,301	(3,988,301)
TOTAL EXPENDITURES	1,065,800	1,065,800	21,176,101	(20,110,301)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(177,692)	(177,692)
OTHER FINANCING SOURCES				
Transfers in	-	-	177,692	177,692
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

**CITY OF LANSING
CERA-MSHDA FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 7,586,644	\$ 7,586,644
EXPENDITURES				
Current				
Community and economic development Operations	-	-	7,586,644	(7,586,644)
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning	-	-	-	-
Fund balance, ending	\$ -	\$ -	\$ -	\$ -

CITY OF LANSING
DEFINED BENEFIT PENSION PLAN - EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
CHANGE IN TOTAL PENSION LIABILITY										
Service cost	\$ 2,889,649	\$ 2,827,879	\$ 2,943,847	\$ 2,738,099	\$ 2,719,559	\$ 2,538,487	\$ 2,711,461	\$ 2,977,084	\$ 2,857,948	\$ 2,982,624
Interest	21,220,221	21,523,899	21,890,652	21,360,398	21,512,099	21,994,837	22,403,009	22,268,516	22,671,909	22,722,630
Difference between expected and actual experience	(2,085,433)	(4,473,505)	(2,504,529)	7,219,344	(2,559,726)	(6,451,827)	(23,183,264)	(4,937,823)	(6,422,330)	-
Changes of assumptions	-	-	7,666,292	-	-	3,099,448	3,706,512	7,575,775	-	-
Benefit payments, including employee refunds	<u>(24,212,331)</u>	<u>(24,342,091)</u>	<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	(2,187,894)	(4,463,818)	5,680,007	7,210,938	(1,798,108)	(1,921,279)	(17,275,496)	5,023,103	(3,355,060)	2,914,732
Total Pension Liability, beginning	<u>312,157,774</u>	<u>316,621,592</u>	<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>\$ 309,969,880</u>	<u>\$ 312,157,774</u>	<u>\$ 316,621,592</u>	<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>
CHANGE IN PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 11,675,068	\$ 13,494,287	\$ 12,649,529	\$ 10,698,401	\$ 10,880,932	\$ 10,843,000	\$ 10,246,872	\$ 10,181,620	\$ 10,547,556	\$ 9,361,009
Contributions - employee	1,418,513	1,289,306	1,172,409	1,286,273	1,220,657	1,230,857	1,216,519	1,088,943	1,128,120	1,290,678
Net investment income (loss)	3,436,309	(15,129,738)	36,047,284	(540,861)	8,437,568	9,679,565	17,412,568	(2,790,190)	4,399,543	17,887,635
Benefit payments, including employee refunds	(24,212,331)	(24,342,091)	(24,316,255)	(24,106,903)	(23,470,040)	(23,102,224)	(22,913,214)	(22,860,449)	(22,462,587)	(22,957,379)
Administrative expenses	<u>(114,853)</u>	<u>(66,474)</u>	<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	(7,797,294)	(24,754,710)	25,532,600	(12,697,106)	(2,973,247)	(1,406,624)	5,915,528	(14,506,562)	(6,562,186)	4,840,906
Plan Fiduciary Net Position, beginning	<u>153,666,353</u>	<u>178,421,063</u>	<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>\$ 145,869,059</u>	<u>\$ 153,666,353</u>	<u>\$ 178,421,063</u>	<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>
City's Net Pension Liability	<u>\$ 164,100,821</u>	<u>\$ 158,491,421</u>	<u>\$ 138,200,529</u>	<u>\$ 158,053,122</u>	<u>\$ 138,145,078</u>	<u>\$ 136,969,939</u>	<u>\$ 137,484,594</u>	<u>\$ 160,675,618</u>	<u>\$ 141,145,953</u>	<u>\$ 137,938,827</u>
Plan fiduciary net position as a percentage of the total pension liability	47.06%	49.23%	56.35%	49.17%	54.52%	55.17%	55.28%	50.52%	55.85%	57.30%
Covered payroll	\$ 27,348,422	\$ 24,509,599	\$ 26,001,896	\$ 24,304,971	\$ 23,265,437	\$ 22,672,891	\$ 20,901,389	\$ 23,085,894	\$ 19,769,460	\$ 21,521,242
City's net pension liability as a percentage of covered payroll	600.0%	646.7%	531.5%	650.3%	593.8%	604.1%	657.8%	696.0%	714.0%	640.9%

Assumption changes - there were no changes in actuarial assumptions during fiscal year 2023. More details regarding actuarial assumptions can be found in the December 31, 2022 valuation reports for each system.

Benefit changes - there were no changes to benefits in the current year.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 12,194,686	\$ 12,737,487	\$ 12,349,529	\$ 10,698,401	\$ 10,880,932	\$ 10,185,060	\$ 10,246,872	\$ 10,181,620	\$ 10,547,556	\$ 9,361,009
Contributions in relation to the actuarially determined contribution	11,675,068	12,737,487	12,349,529	10,698,401	10,880,932	10,843,000	10,246,872	10,181,620	10,547,556	9,361,009
Contribution deficiency (excess)	\$ 519,618	\$ -	\$ -	\$ -	\$ -	\$ (657,940)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 27,348,422	\$ 24,509,899	\$ 26,001,896	\$ 24,304,971	\$ 23,265,437	\$ 22,672,891	\$ 20,901,389	\$ 23,085,894	\$ 19,769,460	\$ 21,521,242
Contributions as a percentage of covered payroll	42.69%	51.97%	47.49%	44.02%	46.77%	47.82%	49.02%	44.10%	53.35%	43.50%

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 Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: Inflation, plus service based increases.

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the 2015-2019 experience study.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	2.29%	-8.82%	24.71%	-0.34%	5.17%	5.87%	10.91%	-1.60%	2.43%	13.67%

CITY OF LANSING
DEFINED BENEFIT PENSION PLAN - POLICE AND FIRE RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
CHANGE IN TOTAL PENSION LIABILITY										
Service cost	\$ 7,853,786	\$ 7,269,988	\$ 6,961,705	\$ 6,526,273	\$ 6,801,669	\$ 6,533,877	\$ 6,133,683	\$ 6,371,845	\$ 6,350,378	\$ 6,614,784
Interest	34,431,238	33,647,916	32,984,834	32,689,419	31,573,535	30,641,722	30,519,676	30,197,513	29,159,382	27,896,927
Changes of benefit terms	295,273	-	-	-	-	779	-	-	-	-
Difference between expected and actual experience	17,292,601	6,641,422	(2,944,445)	(1,062,537)	10,590,030	8,263,623	(19,308,117)	7,884,167	3,159,996	-
Changes of assumptions	-	-	24,025,142	-	-	1,647,044	25,078,592	3,281,341	-	-
Benefit payments, including employee refunds	(37,717,498)	(36,188,116)	(35,040,363)	(33,987,421)	(32,609,254)	(31,757,151)	(31,102,186)	(29,503,964)	(27,969,021)	(26,270,724)
Net Change in Total Pension Liability	22,155,400	11,371,210	25,986,873	4,165,734	16,355,980	15,329,894	11,321,648	18,230,902	10,700,735	8,240,987
Total Pension Liability, beginning	502,879,789	491,508,579	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>\$ 525,035,189</u>	<u>\$ 502,879,789</u>	<u>\$ 491,508,579</u>	<u>\$ 465,521,706</u>	<u>\$ 461,355,972</u>	<u>\$ 444,999,992</u>	<u>\$ 429,670,098</u>	<u>\$ 418,348,450</u>	<u>\$ 400,117,548</u>	<u>\$ 389,416,813</u>
CHANGE IN PLAN FIDUCIARY NET POSITION										
Contributions - employer	\$ 18,165,988	\$ 19,609,552	\$ 18,250,155	\$ 15,457,647	\$ 13,554,239	\$ 12,686,000	\$ 11,521,768	\$ 10,884,312	\$ 11,050,091	\$ 11,248,857
Contributions - employee	2,967,886	2,722,350	3,207,122	3,459,452	3,485,891	2,650,019	2,840,914	2,608,214	2,950,832	2,911,896
Net investment income (loss)	13,936,766	(32,083,115)	68,910,089	1,047,240	17,943,950	19,937,149	32,116,305	(6,040,910)	8,965,080	34,016,621
Benefit payments, including employee refunds	(37,717,498)	(36,188,116)	(35,040,363)	(33,987,421)	(32,609,254)	(31,757,151)	(31,102,186)	(29,503,964)	(27,969,021)	(26,852,038)
Administrative expenses	(126,049)	(88,992)	(24,177)	(41,599)	(53,318)	(77,237)	(50,996)	(128,903)	(173,849)	(1,141,506)
Net Change in Plan Fiduciary Net Position	(2,772,907)	(46,028,321)	55,302,826	(14,064,681)	2,321,508	3,438,780	15,325,805	(22,181,251)	(5,176,867)	20,183,830
Plan Fiduciary Net Position, beginning	289,411,315	335,439,636	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>\$ 286,638,408</u>	<u>\$ 289,411,315</u>	<u>\$ 335,439,636</u>	<u>\$ 280,136,810</u>	<u>\$ 294,201,491</u>	<u>\$ 291,879,983</u>	<u>\$ 288,441,203</u>	<u>\$ 273,115,398</u>	<u>\$ 295,296,649</u>	<u>\$ 300,473,516</u>
City's Net Pension Liability	<u>\$ 238,396,781</u>	<u>\$ 213,468,474</u>	<u>\$ 156,068,943</u>	<u>\$ 185,384,896</u>	<u>\$ 167,154,481</u>	<u>\$ 153,120,009</u>	<u>\$ 141,228,895</u>	<u>\$ 145,233,052</u>	<u>\$ 104,820,899</u>	<u>\$ 88,943,297</u>
Plan fiduciary net position as a percentage of the total pension liability	54.59%	57.55%	68.25%	60.18%	63.77%	65.59%	67.13%	65.28%	73.80%	77.16%
Covered payroll	\$ 33,120,012	\$ 31,354,796	\$ 29,636,017	\$ 28,977,408	\$ 29,638,532	\$ 28,435,952	\$ 27,585,521	\$ 27,078,405	\$ 24,407,740	\$ 25,611,974
City's net pension asset as a percentage of covered payroll	719.8%	680.8%	526.6%	639.8%	564.0%	538.5%	512.0%	536.3%	429.5%	347.3%

Assumption changes - there were no changes in actuarial assumptions during fiscal year 2023. More details regarding actuarial assumptions can be found in the December 31, 2022 valuation reports for each system.

Benefit changes - there were changes made to the compensation and benefit multiplier for the police and non-supervisory hires after August 1, 2014 and firefighters hired after May 1, 2014 based on the collective bargaining agreements.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 18,165,988	\$ 18,263,635	\$ 16,950,155	\$ 15,457,647	\$ 13,554,239	\$ 12,562,547	\$ 11,521,768	\$ 10,884,312	\$ 11,050,091	\$ 11,248,857
Contributions in relation to the actuarially determined contribution	18,165,988	18,263,635	16,950,155	15,457,647	13,554,239	12,686,000	11,521,768	10,884,312	11,050,091	11,248,857
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (123,453)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 33,120,012	\$ 31,354,796	\$ 29,636,017	\$ 28,977,408	\$ 29,638,532	\$ 28,435,952	\$ 27,585,521	\$ 27,078,405	\$ 24,407,740	\$ 26,405,725
Contributions as a percentage of covered payroll	54.85%	58.25%	57.19%	53.34%	45.73%	44.61%	41.77%	40.20%	45.27%	42.60%

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 Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

Salary increases: Inflation, plus service based increases.

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the 2015-2019 experience study.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	4.84%	-9.86%	25.50%	0.37%	6.30%	7.10%	12.06%	-2.09%	3.04%	17.28%

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

	2023	2022	2021	2020	2019	2018	2017
CHANGE IN TOTAL OPEB LIABILITY							
Service cost	\$ 1,647,129	\$ 1,603,045	\$ 1,560,141	\$ 1,518,385	\$ 1,477,747	\$ 1,438,197	\$ 1,550,428
Interest	10,762,261	10,562,939	11,335,921	13,143,168	12,990,219	13,221,134	12,976,683
Difference between expected and actual experience	-	-	(39,503,661)	(19,498,451)	-	(9,321,837)	-
Changes of assumptions	-	-	(66,716,444)	39,986,554	3,614,432	(2,727,829)	-
Benefit payments, including refunds of member contributions	<u>(10,410,016)</u>	<u>(8,350,052)</u>	<u>(9,395,594)</u>	<u>(10,444,878)</u>	<u>(10,573,488)</u>	<u>(10,286,249)</u>	<u>(10,116,593)</u>
Net Change in Total OPEB Liability	1,999,374	3,815,932	(102,719,637)	24,704,778	7,508,910	(7,676,584)	4,410,518
Total OPEB Liability, beginning	<u>157,216,430</u>	<u>153,400,498</u>	<u>256,120,135</u>	<u>231,415,357</u>	<u>223,906,447</u>	<u>231,583,031</u>	<u>227,172,513</u>
Total OPEB Liability, ending	<u><u>\$ 159,215,804</u></u>	<u><u>\$ 157,216,430</u></u>	<u><u>\$ 153,400,498</u></u>	<u><u>\$ 256,120,135</u></u>	<u><u>\$ 231,415,357</u></u>	<u><u>\$ 223,906,447</u></u>	<u><u>\$ 231,583,031</u></u>
CHANGE IN PLAN FIDUCIARY NET POSITION							
Employer contributions	\$ 12,126,259	\$ 10,643,555	\$ 10,424,468	\$ 11,461,488	\$ 11,848,485	\$ 11,436,222	\$ 11,305,756
OPEB plan net investment income	12,596,837	(11,324,122)	11,001,355	4,366,514	3,040,683	4,329,577	5,209,669
Benefit payments, including refunds of member contributions	(10,410,016)	(8,350,052)	(9,395,594)	(10,444,878)	(10,573,488)	(10,286,249)	(10,116,593)
Administrative expenses	<u>(697,661)</u>	<u>(611,703)</u>	<u>(728,874)</u>	<u>(636,610)</u>	<u>(548,939)</u>	<u>(444,973)</u>	<u>(389,163)</u>
Net Change in Plan Fiduciary Net Position	13,615,419	(9,642,322)	11,301,355	4,746,514	3,766,741	5,034,577	6,009,669
Plan Fiduciary Net Position, beginning	<u>69,887,591</u>	<u>79,529,913</u>	<u>68,228,558</u>	<u>63,482,044</u>	<u>59,715,303</u>	<u>54,680,726</u>	<u>48,671,057</u>
Plan Fiduciary Net Position, ending	<u><u>\$ 83,503,010</u></u>	<u><u>\$ 69,887,591</u></u>	<u><u>\$ 79,529,913</u></u>	<u><u>\$ 68,228,558</u></u>	<u><u>\$ 63,482,044</u></u>	<u><u>\$ 59,715,303</u></u>	<u><u>\$ 54,680,726</u></u>
Plan's Net OPEB Liability	<u><u>\$ 75,712,794</u></u>	<u><u>\$ 87,328,839</u></u>	<u><u>\$ 73,870,585</u></u>	<u><u>\$ 187,891,577</u></u>	<u><u>\$ 167,933,313</u></u>	<u><u>\$ 164,191,144</u></u>	<u><u>\$ 176,902,305</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	52.45%	44.45%	51.84%	26.64%	27.43%	26.67%	23.61%
Covered payroll	\$ 26,458,716	\$ 26,747,483	\$ 24,292,037	\$ 25,453,989	\$ 23,720,424	\$ 21,251,418	\$ 20,901,289
Plan's net OPEB liability as a percentage of covered payroll	286.15%	326.49%	304.09%	738.16%	707.97%	772.61%	846.37%

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

Assumption changes - there were no changes of assumptions in 2023.

Benefit changes - there were no changes to benefits in 2023.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 7,313,859	\$ 7,100,834	\$ 7,100,834	\$ 10,504,140	\$ 10,198,194	\$ 10,910,284	\$ 10,582,235	\$ 11,447,334	\$ 13,270,701	\$ 14,057,619
Contributions in relation to the actuarially determined contribution	12,126,259	10,643,555	10,424,468	11,461,488	11,848,485	11,436,222	11,305,756	8,814,471	9,212,322	11,048,992
Contribution deficiency (excess)	<u>\$ (4,812,400)</u>	<u>\$ (3,542,721)</u>	<u>\$ (3,323,634)</u>	<u>\$ (957,348)</u>	<u>\$ (1,650,291)</u>	<u>\$ (525,938)</u>	<u>\$ (723,521)</u>	<u>\$ 2,632,863</u>	<u>\$ 4,058,379</u>	<u>\$ 3,008,627</u>
Covered payroll	\$ 26,458,716	\$ 26,747,483	\$ 24,292,037	\$ 25,435,989	\$ 23,720,424	\$ 21,251,418	\$ 20,901,389	\$ 23,085,894	\$ 19,769,460	\$ 21,521,242
Contributions as a percentage of covered payroll	45.8%	39.8%	42.9%	45.1%	50.0%	53.8%	54.1%	38.2%	46.6%	51.3%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

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

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

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	16.42%	-15.16%	14.89%	6.63%	4.17%	7.10%	9.90%

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

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

	2023	2022	2021	2020	2019	2018	2017
CHANGE IN TOTAL OPEB LIABILITY							
Service cost	\$ 3,904,624	\$ 3,800,121	\$ 3,698,415	\$ 3,599,431	\$ 3,503,096	\$ 3,409,339	\$ 3,749,359
Interest	14,158,158	13,536,620	15,112,018	15,551,609	15,565,892	15,994,328	15,584,783
Difference between expected and actual experience	-	-	(71,213,994)	18,584,560	-	(17,811,401)	-
Changes of assumptions	-	-	(162,399,773)	91,997,958	18,652,834	(7,445,354)	-
Benefit payments, including refunds of member contributions	(9,188,608)	(7,956,471)	(10,836,077)	(13,132,398)	(12,271,014)	(11,960,557)	(11,065,440)
Net Change in Total OPEB Liability	8,874,174	9,380,270	(225,639,411)	116,601,160	25,450,808	(17,813,645)	8,268,702
Total OPEB Liability, beginning	202,871,379	193,491,109	419,130,520	302,529,360	277,078,552	294,892,197	286,623,495
Total OPEB Liability, ending	\$ 211,745,553	\$ 202,871,379	\$ 193,491,109	\$ 419,130,520	\$ 302,529,360	\$ 277,078,552	\$ 294,892,197
CHANGE IN PLAN FIDUCIARY NET POSITION							
Employer contributions	\$ 11,304,220	\$ 9,974,904	\$ 12,951,908	\$ 14,971,737	\$ 13,500,687	\$ 13,163,201	\$ 12,290,749
OPEB plan net investment income	11,844,067	(7,645,295)	3,408,741	2,998,056	290,543	3,572,965	3,487,200
Benefit payments, including refunds of member contributions	(9,188,608)	(7,956,471)	(10,836,077)	(13,132,398)	(12,271,014)	(11,960,557)	(11,065,440)
Administrative expenses	(765,612)	(672,516)	(815,831)	(529,339)	(627,673)	(600,644)	(525,309)
Net Change in Plan Fiduciary Net Position	13,194,067	(6,299,378)	4,708,741	4,308,056	892,543	4,174,965	4,187,200
Plan Fiduciary Net Position, beginning	41,918,165	48,217,543	43,508,802	39,200,746	38,308,203	34,133,238	29,946,038
Plan Fiduciary Net Position, ending	\$ 55,112,232	\$ 41,918,165	\$ 48,217,543	\$ 43,508,802	\$ 39,200,746	\$ 38,308,203	\$ 34,133,238
Plan's Net OPEB Liability	\$ 156,633,321	\$ 160,953,214	\$ 145,273,566	\$ 375,621,718	\$ 263,328,614	\$ 238,770,349	\$ 260,758,959
Plan fiduciary net position as a percentage of the total OPEB liability	26.03%	20.66%	24.92%	10.38%	12.96%	13.83%	11.57%
Covered payroll	\$ 31,220,001	\$ 27,116,594	\$ 29,636,017	\$ 29,774,287	\$ 28,435,953	\$ 20,667,007	\$ 27,585,521
Plan's net OPEB liability as a percentage of covered payroll	501.71%	593.56%	490.19%	1261.56%	926.04%	1155.32%	945.27%

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

Assumption changes - there were no changes of assumptions in 2023.

Benefit changes - there were no changes to benefits in 2023.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 13,573,857	\$ 13,178,502	\$ 13,178,502	\$ 15,674,604	\$ 15,218,062	\$ 15,968,029	\$ 19,759,521	\$ 17,276,901	\$ 17,923,366	\$ 16,945,536
Contributions in relation to the actuarially determined contribution	11,304,220	9,974,904	12,951,908	14,971,737	13,500,687	13,163,201	12,290,749	12,879,016	11,561,406	11,198,663
Contribution deficiency (excess)	<u>\$ 2,269,637</u>	<u>\$ 3,203,598</u>	<u>\$ 226,594</u>	<u>\$ 702,867</u>	<u>\$ 1,717,375</u>	<u>\$ 2,804,828</u>	<u>\$ 7,468,772</u>	<u>\$ 4,397,885</u>	<u>\$ 6,361,960</u>	<u>\$ 5,746,873</u>
Covered payroll	\$ 31,220,001	\$ 27,116,594	\$ 29,636,017	\$ 29,774,287	\$ 28,435,953	\$ 20,667,007	\$ 27,585,521	\$ 27,078,405	\$ 24,407,740	\$ 26,405,725
Contributions as a percentage of covered payroll	36.2%	36.8%	43.7%	50.3%	47.5%	63.7%	44.6%	47.6%	47.4%	42.4%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%

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

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

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	24.41%	-16.96%	7.43%	7.25%	-0.88%	8.71%	9.89%

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

CITY OF LANSING
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

During the year ended June 30, 2023, the City incurred expenditures in the General Fund and certain Special Revenue Funds as noted in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
General government			
City clerk - operating	\$ 439,055	\$ 451,050	\$ 11,995
Finance - operating	1,397,873	1,704,150	306,277
Library rental - operating	137,150	447,584	310,434
Human resources - personnel	1,459,829	1,668,046	208,217
Mayor - personnel	2,056,165	2,231,655	175,490
Mayor - operating	319,880	692,352	372,472
Judicial - operating	1,801,110	6,343,198	4,542,088
Public safety			
Fire - personnel	34,434,467	34,562,829	128,362
Public works - operating	9,575,390	11,175,516	1,600,126
Recreation and culture - operating	4,369,790	5,145,795	776,005
Community and economic development			
Economic development & planning - operating	3,408,228	3,437,122	28,894
Debt service	987,100	1,843,071	855,971
Transfer out	5,521,000	6,438,803	917,803
State and Federal Grants Fund			
Current			
General government - personnel	-	137,857	137,857
General government - operations	-	3,433,804	3,433,804
Public safety - personnel	-	874,886	874,886
Public safety - operations	-	2,974,177	2,974,177
Public works - operations	-	2,653,109	2,653,109
Judicial - operations	-	278,831	278,831
Health and welfare - personnel	-	9,619	9,619
Health and welfare - operations	-	884,344	884,344
Community and economic development - personnel	99,457	210,996	111,539
Community and economic development - operations	966,343	5,730,177	4,763,834
Recreation and culture - personnel	-	17,062	17,062
Recreation and culture - operations	-	3,971,239	3,971,239

CITY OF LANSING
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS (concluded)

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
CERA-MSHDA			
Current			
Community and economic development - operations	\$ -	\$ 7,586,644	\$ 7,586,644
Major Streets			
Current			
Highways and streets - operations	3,915,683	4,270,677	354,994
Capital outlay	4,300,000	4,343,815	43,815
Local Streets			
Current			
Highways and streets - operations	3,099,215	4,080,954	981,739
Capital outlay	3,820,000	4,675,203	855,203
Drug Law Enforcement Federal Fund			
Current			
Public safety - operations	-	329	329
Downtown Lansing Inc. Fund			
Current			
General government - personnel	100,000	295,560	195,560
General government - operations	1,209,889	3,661,003	2,451,114
Tri-County Metro Fund			
Current			
Public safety - personnel	85,000	107,851	22,851

OTHER SUPPLEMENTARY INFORMATION

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

CITY OF LANSING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
ASSETS					
Cash and cash equivalents	\$ 48,000	\$ -	\$ 397,091	\$ -	\$ 445,091
Cash and cash equivalents - restricted	-	10,989,553	-	1,703,758	12,693,311
Equity in pooled cash and investments	22,572,021	29,361	9,386,983	207,806	32,196,171
Receivables					
Accounts, net	26,466	-	4,878,452	-	4,904,918
Loans	1,185,000	-	-	-	1,185,000
Accrued interest	2,409,446	-	-	-	2,409,446
Special assessments					
Current	-	-	416,887	-	416,887
Noncurrent	-	-	9,861,334	-	9,861,334
Due from other governmental units	5,243,312	-	-	-	5,243,312
Due from other funds	344,008	-	-	-	344,008
Inventories	1,218,842	-	-	-	1,218,842
TOTAL ASSETS	\$ 33,047,095	\$ 11,018,914	\$ 24,940,747	\$ 1,911,564	\$ 70,918,320
LIABILITIES					
Accounts payable	\$ 1,800,445	\$ -	\$ 199,319	\$ -	\$ 1,999,764
Accrued liabilities	35,754	-	-	-	35,754
Indemnity bonds	43,867	-	-	-	43,867
Due to other funds	344,008	-	-	-	344,008
Due to other governmental units	368,881	-	-	-	368,881
Undistributed forfeitures	30,668	-	-	-	30,668
Unearned revenue	2,915	-	60,000	-	62,915
TOTAL LIABILITIES	2,626,538	-	259,319	-	2,885,857
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - loans and accrued interest receivable	4,732,673	-	4,725,000	-	9,457,673
Unavailable revenue - special assessments	-	-	9,862,937	-	9,862,937
TOTAL DEFERRED INFLOWS OF RESOURCES	4,732,673	-	14,587,937	-	19,320,610
FUND BALANCES					
Nonspendable	1,218,842	-	-	1,911,564	3,130,406
Restricted	23,969,521	11,018,914	2,324,706	-	37,313,141
Committed	499,521	-	7,768,785	-	8,268,306
TOTAL FUND BALANCES	25,687,884	11,018,914	10,093,491	1,911,564	48,711,853
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 33,047,095	\$ 11,018,914	\$ 24,940,747	\$ 1,911,564	\$ 70,918,320

CITY OF LANSING
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total
REVENUES					
Property taxes and special assessments	\$ 523,739	\$ -	\$ 1,171,192	\$ -	\$ 1,694,931
Intergovernmental	23,982,147	-	1,000,000	-	24,982,147
Charges for services	3,650,058	-	420,421	-	4,070,479
Fines and forfeits	227,255	-	-	-	227,255
Interest income (loss) and rents	292,717	-	925,963	78,537	1,297,217
Other	2,365,211	-	-	-	2,365,211
TOTAL REVENUES	31,041,127	-	3,517,576	78,537	34,637,240
EXPENDITURES					
Current					
General government	3,956,563	-	-	-	3,956,563
Public safety	756,261	-	-	-	756,261
Highways and streets	13,687,366	-	-	-	13,687,366
Community and economic development	4,034,145	-	-	-	4,034,145
Debt service					
Principal	840,278	-	1,631,607	-	2,471,885
Interest and fiscal charges	251,255	-	1,607,480	-	1,858,735
Capital outlay	9,019,018	-	11,017,172	-	20,036,190
TOTAL EXPENDITURES	32,544,886	-	14,256,259	-	46,801,145
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,503,759)	-	(10,738,683)	78,537	(12,163,905)
OTHER FINANCING SOURCES (USES)					
Bond premium	-	10,989,553	-	-	10,989,553
Proceeds from sale of capital assets	3,532	-	20,000	-	23,532
Transfers in	5,876,002	-	3,746,111	28,000	9,650,113
Transfers out	(3,361,002)	-	(650,000)	-	(4,011,002)
TOTAL OTHER FINANCING SOURCES (USES)	2,518,532	10,989,553	3,116,111	28,000	16,652,196
NET CHANGE IN FUND BALANCES	1,014,773	10,989,553	(7,622,572)	106,537	4,488,291
Fund balances, beginning of year	24,673,111	29,361	17,716,063	1,805,027	44,223,562
Fund balances, end of year	<u>\$ 25,687,884</u>	<u>\$ 11,018,914</u>	<u>\$ 10,093,491</u>	<u>\$ 1,911,564</u>	<u>\$ 48,711,853</u>

**CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS**

Major Streets Fund

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

Local Streets Fund

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

Drug Law Enforcement Federal Fund

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

Drug Law Enforcement State and Local Fund

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

Community Development Block Grant Program Fund

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

Opioid Settlement Fund

This fund accounts for revenues received from Opioid Settlement funds, and restricted for treatment, prevention, and remediation.

Downtown Lansing, Inc. Fund

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

Building Department Fund

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

Parks Department Fund

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

Tri-County Metro Fund

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

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Major Streets	Local Streets	Drug Law Enforcement Federal	Drug Law Enforcement State and Local
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 23,000
Equity in pooled cash and investments	11,805,014	3,609,529	209,720	319,221
Receivables				
Accounts, net	-	1	-	-
Loans	-	-	-	-
Accrued interest	-	-	-	-
Due from other funds	344,008	-	-	-
Due from other governmental units	2,768,303	637,790	-	-
Inventories	1,218,842	-	-	-
TOTAL ASSETS	\$ 16,136,167	\$ 4,247,320	\$ 209,720	\$ 342,221
LIABILITIES				
Accounts payable	\$ 744,778	\$ 421,233	\$ -	\$ 86,033
Accrued payroll and related	-	2,906	-	-
Indemnity bonds	43,867	-	-	-
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Undistributed forfeitures	-	-	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	788,645	424,139	-	86,033
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
FUND BALANCES				
Nonspendable	1,218,842	-	-	-
Restricted	14,128,680	3,823,181	209,720	256,188
Committed	-	-	-	-
TOTAL FUND BALANCES	15,347,522	3,823,181	209,720	256,188
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 16,136,167	\$ 4,247,320	\$ 209,720	\$ 342,221

Community Development Block Grant Program	Opioid Settlement	Downtown Lansing, Inc.	Building Department	Parks Department	Tri-County Metro	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 48,000
-	368,245	619,011	4,594,490	499,521	547,270	22,572,021
-	-	-	26,465	-	-	26,466
1,185,000	-	-	-	-	-	1,185,000
2,409,446	-	-	-	-	-	2,409,446
-	-	-	-	-	-	344,008
437,498	1,230,943	50,000	-	-	118,778	5,243,312
-	-	-	-	-	-	1,218,842
<u>\$ 4,031,944</u>	<u>\$ 1,599,188</u>	<u>\$ 669,011</u>	<u>\$ 4,620,955</u>	<u>\$ 499,521</u>	<u>\$ 691,048</u>	<u>\$ 33,047,095</u>
\$ 172,478	\$ -	\$ 327,614	\$ 13,889	\$ -	\$ 34,420	\$ 1,800,445
3,512	-	6,107	20,397	-	2,832	35,754
-	-	-	-	-	-	43,867
344,008	-	-	-	-	-	344,008
10,215	-	-	-	-	358,666	368,881
-	-	-	-	-	30,668	30,668
-	-	-	2,915	-	-	2,915
<u>530,213</u>	<u>-</u>	<u>333,721</u>	<u>37,201</u>	<u>-</u>	<u>426,586</u>	<u>2,626,538</u>
<u>3,501,730</u>	<u>1,230,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,732,673</u>
-	-	-	-	-	-	1,218,842
1	368,245	335,290	4,583,754	-	264,462	23,969,521
-	-	-	-	499,521	-	499,521
<u>1</u>	<u>368,245</u>	<u>335,290</u>	<u>4,583,754</u>	<u>499,521</u>	<u>264,462</u>	<u>25,687,884</u>
<u>\$ 4,031,944</u>	<u>\$ 1,599,188</u>	<u>\$ 669,011</u>	<u>\$ 4,620,955</u>	<u>\$ 499,521</u>	<u>\$ 691,048</u>	<u>\$ 33,047,095</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Major Streets	Local Streets	Drug Law Enforcement Federal	Drug Law Enforcement State and Local
REVENUES				
Property taxes and special assessments	\$ 153,903	\$ -	\$ -	\$ -
Intergovernmental	15,504,270	3,758,355	-	-
Charges for services	667,952	40,772	9,906	-
Fines and forfeits	-	-	-	49,806
Interest and rents	152,515	87,097	3,283	5,248
Other revenues	-	1,490,181	-	-
TOTAL REVENUES	<u>16,478,640</u>	<u>5,376,405</u>	<u>13,189</u>	<u>55,054</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	329	97,855
Highways and streets	6,892,677	6,794,689	-	-
Community development	-	-	-	-
Debt service				
Principal	399,578	440,700	-	-
Interest	72,947	178,308	-	-
Capital outlay	4,343,815	4,675,203	-	-
TOTAL EXPENDITURES	<u>11,709,017</u>	<u>12,088,900</u>	<u>329</u>	<u>97,855</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,769,623</u>	<u>(6,712,495)</u>	<u>12,860</u>	<u>(42,801)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	3,532
Transfers in	-	5,791,002	-	-
Transfers out	(3,361,002)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,361,002)</u>	<u>5,791,002</u>	<u>-</u>	<u>3,532</u>
NET CHANGE IN FUND BALANCES	1,408,621	(921,493)	12,860	(39,269)
Fund balances, beginning of year	<u>13,938,901</u>	<u>4,744,674</u>	<u>196,860</u>	<u>295,457</u>
Fund balances, end of year	<u>\$ 15,347,522</u>	<u>\$ 3,823,181</u>	<u>\$ 209,720</u>	<u>\$ 256,188</u>

Community Development Block Grant Program	Opioid Settlement	Downtown Lansing, Inc.	Building Department	Parks Department	Tri-County Metro	Total
\$ -	\$ -	\$ 369,836	\$ -	\$ -	\$ -	\$ 523,739
1,242,885	368,245	2,608,648	-	-	499,744	23,982,147
-	-	-	2,931,428	-	-	3,650,058
-	-	-	-	-	177,449	227,255
-	-	28,482	-	7,932	8,160	292,717
77,012	-	798,018	-	-	-	2,365,211
<u>1,319,897</u>	<u>368,245</u>	<u>3,804,984</u>	<u>2,931,428</u>	<u>7,932</u>	<u>685,353</u>	<u>31,041,127</u>
-	-	3,956,563	-	-	-	3,956,563
-	-	-	-	-	658,077	756,261
-	-	-	-	-	-	13,687,366
1,319,897	-	-	2,714,248	-	-	4,034,145
-	-	-	-	-	-	840,278
-	-	-	-	-	-	251,255
-	-	-	-	-	-	9,019,018
<u>1,319,897</u>	<u>-</u>	<u>3,956,563</u>	<u>2,714,248</u>	<u>-</u>	<u>658,077</u>	<u>32,544,886</u>
<u>-</u>	<u>368,245</u>	<u>(151,579)</u>	<u>217,180</u>	<u>7,932</u>	<u>27,276</u>	<u>(1,503,759)</u>
-	-	-	-	-	-	3,532
-	-	85,000	-	-	-	5,876,002
-	-	-	-	-	-	(3,361,002)
<u>-</u>	<u>-</u>	<u>85,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,518,532</u>
-	368,245	(66,579)	217,180	7,932	27,276	1,014,773
<u>1</u>	<u>-</u>	<u>401,869</u>	<u>4,366,574</u>	<u>491,589</u>	<u>237,186</u>	<u>24,673,111</u>
<u>\$ 1</u>	<u>\$ 368,245</u>	<u>\$ 335,290</u>	<u>\$ 4,583,754</u>	<u>\$ 499,521</u>	<u>\$ 264,462</u>	<u>\$ 25,687,884</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	<u>Major Streets Fund</u>			Variances with Final Budget Positive (Negative)
	Original Budget	Final Amended Budget	Actual	
REVENUES				
Property taxes and special assessments	\$ -	\$ -	\$ 153,903	\$ 153,903
Intergovernmental	11,797,425	11,797,425	15,504,270	3,706,845
Charges for services	525,000	525,000	667,952	142,952
Interest and rents	38,500	38,500	152,515	114,015
TOTAL REVENUES	12,360,925	12,360,925	16,478,640	4,117,715
EXPENDITURES				
Current				
Highways and streets				
Personnel	3,111,715	3,111,715	2,622,000	489,715
Operations	3,915,683	3,915,683	4,270,677	(354,994)
Debt service				
Principal	399,578	399,578	399,578	-
Interest	72,947	72,947	72,947	-
Capital outlay	4,300,000	4,300,000	4,343,815	(43,815)
TOTAL EXPENDITURES	11,799,923	11,799,923	11,709,017	90,906
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	561,002	561,002	4,769,623	4,208,621
OTHER FINANCING USES				
Transfers out	(3,361,002)	(3,361,002)	(3,361,002)	-
NET CHANGE IN FUND BALANCE	(2,800,000)	(2,800,000)	1,408,621	4,208,621
Fund balance, beginning of year	13,938,901	13,938,901	13,938,901	-
Fund balance, end of year	\$ 11,138,901	\$ 11,138,901	\$ 15,347,522	\$ 4,208,621

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	<u>Local Streets Fund</u>			Variances with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 3,759,160	\$ 3,759,160	\$ 3,758,355	\$ (805)
Miscellaneous revenue	-	-	40,772	40,772
Interest and rents	150,000	150,000	87,097	(62,903)
Other revenues	-	-	1,490,181	1,490,181
TOTAL REVENUES	<u>3,909,160</u>	<u>3,909,160</u>	<u>5,376,405</u>	<u>1,467,245</u>
EXPENDITURES				
Current				
Highways and streets				
Personnel	3,239,939	3,239,939	2,713,735	526,204
Operations	3,099,215	3,099,215	4,080,954	(981,739)
Debt service				
Principal	440,700	440,700	440,700	-
Interest	178,308	178,308	178,308	-
Capital outlay	3,820,000	3,820,000	4,675,203	(855,203)
TOTAL EXPENDITURES	<u>10,778,162</u>	<u>10,778,162</u>	<u>12,088,900</u>	<u>(1,310,738)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,869,002)</u>	<u>(6,869,002)</u>	<u>(6,712,495)</u>	<u>156,507</u>
OTHER FINANCING SOURCES				
Transfers in	5,669,002	5,669,002	5,791,002	122,000
NET CHANGE IN FUND BALANCE	(1,200,000)	(1,200,000)	(921,493)	278,507
Fund balance, beginning of year	<u>4,744,674</u>	<u>4,744,674</u>	<u>4,744,674</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,544,674</u>	<u>\$ 3,544,674</u>	<u>\$ 3,823,181</u>	<u>\$ 278,507</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

Drug Law Enforcement Federal Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 9,906	\$ 9,906
Interest and rents	-	-	3,283	3,283
TOTAL REVENUES	-	-	13,189	13,189
EXPENDITURES				
Current				
Public safety - operations	-	-	329	(329)
NET CHANGE IN FUND BALANCE	-	-	12,860	12,860
Fund balance, beginning of year	196,860	196,860	196,860	-
Fund balance, end of year	<u>\$ 196,860</u>	<u>\$ 196,860</u>	<u>\$ 209,720</u>	<u>\$ 12,860</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

Drug Law Enforcement State and Local Fund

	Original Budget	Final Amended Budget	Actual	Variances with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 49,806	\$ 49,806
Interest and rents	7,500	7,500	5,248	(2,252)
TOTAL REVENUES	7,500	7,500	55,054	47,554
EXPENDITURES				
Current				
Public safety - operating	168,000	168,000	97,855	70,145
Capital outlay	54,000	54,000	-	54,000
TOTAL EXPENDITURES	222,000	222,000	97,855	124,145
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(214,500)	(214,500)	(42,801)	171,699
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	3,532	3,532
NET CHANGE IN FUND BALANCE	(214,500)	(214,500)	(39,269)	175,231
Fund balance, beginning of year	295,457	295,457	295,457	-
Fund balance, end of year	\$ 80,957	\$ 80,957	\$ 256,188	\$ 175,231

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	<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	\$ 2,202,537	\$ 2,202,537	\$ 1,242,885	\$ (959,652)
Other revenues	162,935	162,935	77,012	(85,923)
TOTAL REVENUES	<u>2,365,472</u>	<u>2,365,472</u>	<u>1,319,897</u>	<u>(1,045,575)</u>
EXPENDITURES				
Current				
Community development				
Personnel	1,146,062	1,146,062	534,471	611,591
Operations	1,219,410	1,219,410	785,426	433,984
TOTAL EXPENDITURES	<u>2,365,472</u>	<u>2,365,472</u>	<u>1,319,897</u>	<u>1,045,575</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund balance, beginning of year	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1</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, 2023

	<u>Opioid Settlement Fund</u>			Variances with
	<u>Budgeted Amounts</u>			Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive
				(Negative)
REVENUES				
Intergovernmental	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 368,245</u>	<u>\$ 368,245</u>
EXPENDITURES				
Current				
Public safety - operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>368,245</u>	<u>368,245</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 368,245</u></u>	<u><u>\$ 368,245</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, 2023

	<u>Downtown Lansing, Inc. 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	\$ 475,000	\$ 475,000	\$ 369,836	\$ (105,164)
Intergovernmental	20,000	2,520,000	2,608,648	88,648
Interest and rents	-	-	28,482	28,482
Other revenues	<u>137,000</u>	<u>637,000</u>	<u>798,018</u>	<u>161,018</u>
TOTAL REVENUES	<u>632,000</u>	<u>3,632,000</u>	<u>3,804,984</u>	<u>172,984</u>
EXPENDITURES				
Current				
General government				
Personnel	-	100,000	295,560	(195,560)
Operations	209,889	1,209,889	3,661,003	(2,451,114)
Capital outlay	<u>507,111</u>	<u>507,111</u>	<u>-</u>	<u>507,111</u>
TOTAL EXPENDITURES	<u>717,000</u>	<u>1,817,000</u>	<u>3,956,563</u>	<u>(2,139,563)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(85,000)	1,815,000	(151,579)	(1,966,579)
OTHER FINANCING SOURCES				
Transfers in	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	1,900,000	(66,579)	(1,966,579)
Fund balance, beginning of year	<u>401,869</u>	<u>401,869</u>	<u>401,869</u>	<u>-</u>
Fund balance, end of year	<u>\$ 401,869</u>	<u>\$ 2,301,869</u>	<u>\$ 335,290</u>	<u>\$ (1,966,579)</u>

CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	<u>Building Department Fund</u>			
	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
REVENUES				
Charges for services	<u>\$ 3,052,100</u>	<u>\$ 3,052,100</u>	<u>\$ 2,931,428</u>	<u>\$ (120,672)</u>
EXPENDITURES				
Current				
Community development				
Personnel	2,197,384	2,197,384	1,991,976	205,408
Operations	<u>669,716</u>	<u>724,716</u>	<u>722,272</u>	<u>2,444</u>
TOTAL EXPENDITURES	<u>2,867,100</u>	<u>2,922,100</u>	<u>2,714,248</u>	<u>207,852</u>
NET CHANGE IN FUND BALANCE	185,000	130,000	217,180	87,180
Fund balance, beginning of year	<u>4,366,574</u>	<u>4,366,574</u>	<u>4,366,574</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,551,574</u>	<u>\$ 4,496,574</u>	<u>\$ 4,583,754</u>	<u>\$ 87,180</u>

**CITY OF LANSING
NONMAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	<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>\$ 7,932</u>	<u>\$ 7,932</u>
NET CHANGE IN FUND BALANCE	-	-	7,932	7,932
Fund balance, beginning of year	<u>491,589</u>	<u>491,589</u>	<u>491,589</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 491,589</u></u>	<u><u>\$ 491,589</u></u>	<u><u>\$ 499,521</u></u>	<u><u>\$ 7,932</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, 2023

	<u>Tri County Metro Fund</u>			Variances with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 425,000	\$ 425,000	\$ 499,744	\$ 74,744
Fines and forfeitures	268,000	268,000	177,449	(90,551)
Interest and rents	8,000	8,000	8,160	160
TOTAL REVENUES	<u>701,000</u>	<u>701,000</u>	<u>685,353</u>	<u>(15,647)</u>
EXPENDITURES				
Current				
Public safety				
Personnel	85,000	85,000	107,851	(22,851)
Operations	616,000	616,000	550,226	65,774
TOTAL EXPENDITURES	<u>701,000</u>	<u>701,000</u>	<u>658,077</u>	<u>42,923</u>
NET CHANGE IN FUND BALANCE	-	-	27,276	27,276
Fund balance, beginning of year	<u>237,186</u>	<u>237,186</u>	<u>237,186</u>	<u>-</u>
Fund balance, end of year	<u>\$ 237,186</u>	<u>\$ 237,186</u>	<u>\$ 264,462</u>	<u>\$ 27,276</u>

**CITY OF LANSING
NONMAJOR DEBT SERVICE FUNDS**

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).

Public Safety Fund

This fund accounts for the premium related to the 2023B Capital Improvement Bond.

**CITY OF LANSING
NONMAJOR DEBT SERVICE FUNDS
BALANCE SHEET
JUNE 30, 2023**

	1999 Fire Station	Public Safety Debt Service	Total
ASSETS			
Equity in pooled cash and investments	\$ 29,361	\$ -	\$ 29,361
Cash and cash equivalents - restricted	<u>-</u>	<u>10,989,553</u>	<u>10,989,553</u>
 TOTAL ASSETS	 <u><u>\$ 29,361</u></u>	 <u><u>\$ 10,989,553</u></u>	 <u><u>\$ 11,018,914</u></u>
 FUND BALANCES			
Restricted	 <u><u>\$ 29,361</u></u>	 <u><u>\$ 10,989,553</u></u>	 <u><u>\$ 11,018,914</u></u>

**CITY OF LANSING
NONMAJOR DEBT SERVICE FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2023**

	1999 Fire Station	Public Safety Debt Service	Total
OTHER FINANCING SOURCES			
Bond premium	\$ -	\$ 10,989,553	\$ 10,989,553
NET CHANGE IN FUND BALANCES	-	10,989,553	10,989,553
Fund balances, beginning of year	29,361	-	29,361
Fund balances, end of year	\$ 29,361	\$ 10,989,553	\$ 11,018,914

**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.

Ovation Capital Projects Fund

This fund is used to account for the financing and capital project activity related to the Ovation project.

Other Capital Projects Fund

This fund accounts for miscellaneous capital projects.

**CITY OF LANSING
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023**

	Special Assessments	Montgomery Drain	Ovation Capital Project Fund	Other Capital Projects	Total
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 397,091	\$ 397,091
Equity in pooled cash and investments	53,554	847,940	-	8,485,489	9,386,983
Receivables					
Accounts and loan receivable	-	-	-	4,878,452	4,878,452
Special assessments					
Current	17,797	399,090	-	-	416,887
Noncurrent	47,832	9,813,502	-	-	9,861,334
TOTAL ASSETS	\$ 119,183	\$ 11,060,532	\$ -	\$ 13,761,032	\$ 24,940,747
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ 199,319	\$ 199,319
Unearned revenue	-	-	-	60,000	60,000
TOTAL LIABILITIES	-	-	-	259,319	259,319
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - loans and accrued interest receivable	-	-	-	4,725,000	4,725,000
Unavailable revenue - special assessments	49,435	9,813,502	-	-	9,862,937
TOTAL DEFERRED INFLOWS OF RESOURCES	49,435	9,813,502	-	4,725,000	14,587,937
FUND BALANCES					
Restricted	69,748	1,247,030	-	1,007,928	2,324,706
Committed	-	-	-	7,768,785	7,768,785
TOTAL FUND BALANCES	69,748	1,247,030	-	8,776,713	10,093,491
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 119,183	\$ 11,060,532	\$ -	\$ 13,761,032	\$ 24,940,747

CITY OF LANSING
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Special Assessments	Montgomery Drain	Ovation Capital Project Fund	Other Capital Projects	Total
REVENUES					
Property taxes and special assessments	\$ -	\$ 1,171,192	\$ -	\$ -	\$ 1,171,192
Intergovernmental	-	-	1,000,000	-	1,000,000
Charges for services	23,296	-	-	397,125	420,421
Interest and rents	-	368,228	-	557,735	925,963
TOTAL REVENUES	23,296	1,539,420	1,000,000	954,860	3,517,576
EXPENDITURES					
Debt service					
Principal	-	971,607	-	660,000	1,631,607
Interest and fiscal charges	-	1,360,019	-	247,461	1,607,480
Capital outlay	-	-	2,003,111	9,014,061	11,017,172
TOTAL EXPENDITURES	-	2,331,626	2,003,111	9,921,522	14,256,259
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,296	(792,206)	(1,003,111)	(8,966,662)	(10,738,683)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	20,000	20,000
Transfers in	-	-	1,003,111	2,743,000	3,746,111
Transfers out	-	-	-	(650,000)	(650,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	1,003,111	2,113,000	3,116,111
NET CHANGE IN FUND BALANCES	23,296	(792,206)	-	(6,853,662)	(7,622,572)
Fund balances, beginning of year	46,452	2,039,236	-	15,630,375	17,716,063
Fund balances, end of year	\$ 69,748	\$ 1,247,030	\$ -	\$ 8,776,713	\$ 10,093,491

**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, 2023**

	Cemetery Perpetual Care	Parks Trust	Total
ASSETS			
Equity in pooled cash and investments	\$ 206,476	\$ 1,330	\$ 207,806
Cash and cash equivalents - restricted	<u>1,703,758</u>	<u>-</u>	<u>1,703,758</u>
 TOTAL ASSETS	 <u><u>\$ 1,910,234</u></u>	 <u><u>\$ 1,330</u></u>	 <u><u>\$ 1,911,564</u></u>
 FUND BALANCES			
Nonspendable	 <u><u>\$ 1,910,234</u></u>	 <u><u>\$ 1,330</u></u>	 <u><u>\$ 1,911,564</u></u>

**CITY OF LANSING
NONMAJOR PERMANENT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023**

	Cemetery Perpetual Care	Parks Trust	Total
REVENUES			
Interest income and rents	\$ 78,515	\$ 22	\$ 78,537
OTHER FINANCING SOURCES			
Transfers in	<u>28,000</u>	<u>-</u>	<u>28,000</u>
NET CHANGE IN FUND BALANCES	106,515	22	106,537
Fund balances, beginning of year	<u>1,803,719</u>	<u>1,308</u>	<u>1,805,027</u>
Fund balances, end of year	<u><u>\$ 1,910,234</u></u>	<u><u>\$ 1,330</u></u>	<u><u>\$ 1,911,564</u></u>

**CITY OF LANSING
NONMAJOR ENTERPRISE FUNDS**

Cemetery Fund

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

Golf Fund

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

Garbage and Rubbish Collection Fund

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

Recycling Fund

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

CITY OF LANSING
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Total
ASSETS					
Current assets					
Cash and cash equivalents	\$ 200	\$ -	\$ -	\$ -	\$ 200
Equity in pooled cash and investments	1,042,557	116,516	2,493,592	2,256,304	5,908,969
Accounts receivable, net	-	-	103	-	103
Inventories	50,280	-	-	-	50,280
Total current assets	1,093,037	116,516	2,493,695	2,256,304	5,959,552
Noncurrent assets					
Capital assets not being depreciated	57,740	345,647	-	-	403,387
Capital assets being depreciated, net	47,915	1,528,757	-	10,733	1,587,405
Total noncurrent assets	105,655	1,874,404	-	10,733	1,990,792
TOTAL ASSETS	1,198,692	1,990,920	2,493,695	2,267,037	7,950,344
DEFERRED OUTFLOW OF RESOURCES					
Deferred outflows of resources related to pension	132,763	-	210,905	424,666	768,334
Deferred outflows of resources related to OPEB	14,579	-	23,160	46,634	84,373
TOTAL DEFERRED OUTFLOWS OF RESOURCES	147,342	-	234,065	471,300	852,707
LIABILITIES					
Current liabilities					
Accounts payable	35,891	-	65,951	536,261	638,103
Accrued payroll	1,370	-	1,173	2,534	5,077
Current portion of compensated absences	3,784	-	5,592	12,809	22,185
Total current liabilities	41,045	-	72,716	551,604	665,365
Noncurrent liabilities					
Compensated absences, net of current portion	33,815	-	49,772	114,003	197,590
Net pension liability	1,576,308	-	2,504,095	5,042,091	9,122,494
Net other postemployment benefit liability	727,276	-	1,155,339	2,326,319	4,208,934
Total noncurrent liabilities	2,337,399	-	3,709,206	7,482,413	13,529,018
TOTAL LIABILITIES	2,378,444	-	3,781,922	8,034,017	14,194,383
DEFERRED INFLOW OF RESOURCES					
Deferred inflows of resources related to pension	27,679	-	43,970	88,534	160,183
NET POSITION (DEFICIT)					
Net investment in capital assets	105,655	1,874,404	-	10,733	1,990,792
Unrestricted	(1,165,744)	116,516	(1,098,132)	(5,394,947)	(7,542,307)
TOTAL NET POSITION (DEFICIT)	\$ (1,060,089)	\$ 1,990,920	\$ (1,098,132)	\$ (5,384,214)	\$ (5,551,515)

**CITY OF LANSING
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2023**

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Total
OPERATING REVENUES					
Charges for services	\$ 487,209	\$ -	\$ 3,333,884	\$ 4,553,007	\$ 8,374,100
OPERATING EXPENSES					
Personnel services	342,182	-	953,333	1,972,345	3,267,860
Purchase of goods and services	351,922	102,579	1,472,162	2,027,409	3,954,072
Depreciation	9,827	62,951	-	5,366	78,144
TOTAL OPERATING EXPENSES	703,931	165,530	2,425,495	4,005,120	7,300,076
OPERATING INCOME (LOSS)	(216,722)	(165,530)	908,389	547,887	1,074,024
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	-	-	-	(290,367)	(290,367)
NET INCOME (LOSS) BEFORE TRANSFERS	(216,722)	(165,530)	908,389	257,520	783,657
TRANSFERS					
Transfers in	450,000	100,000	-	-	550,000
Transfers out	(28,000)	-	-	-	(28,000)
TOTAL TRANSFERS	422,000	100,000	-	-	522,000
CHANGE IN NET POSITION	205,278	(65,530)	908,389	257,520	1,305,657
Net position (deficit), beginning of year	(1,265,367)	2,056,450	(2,006,521)	(5,641,734)	(6,857,172)
Net position (deficit), end of year	\$ (1,060,089)	\$ 1,990,920	\$ (1,098,132)	\$ (5,384,214)	\$ (5,551,515)

CITY OF LANSING
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 487,209	\$ -	\$ 3,333,001	\$ 4,600,481	\$ 8,420,691
Cash payments for good and services	(336,522)	(102,579)	(1,474,638)	(1,656,544)	(3,570,283)
Cash payments to employees	(462,215)	-	(1,484,539)	(2,697,127)	(4,643,881)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(311,528)	(102,579)	373,824	246,810	206,527
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	450,000	100,000	-	-	550,000
Transfers out	(28,000)	-	-	-	(28,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	422,000	100,000	-	-	522,000
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends received (loss)	-	-	-	(290,367)	(290,367)
NET CHANGE IN CASH AND CASH EQUIVALENTS	110,472	(2,579)	373,824	(43,557)	438,160
Cash and cash equivalents, beginning of year	932,285	119,095	2,119,768	2,299,861	5,471,009
Cash and cash equivalents, end of year	<u>\$ 1,042,757</u>	<u>\$ 116,516</u>	<u>\$ 2,493,592</u>	<u>\$ 2,256,304</u>	<u>\$ 5,909,169</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (216,722)	\$ (165,530)	\$ 908,389	\$ 547,887	\$ 1,074,024
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	9,827	62,951	-	5,366	78,144
Changes in:					
Accounts receivable	-	-	(883)	47,474	46,591
Inventory	2,241	-	-	-	2,241
Deferred outflows - pension	(7,271)	-	7,279	(3,984)	(3,976)
Deferred outflows - OPEB	74,153	-	131,113	250,820	456,086
Accounts payable	13,159	-	(2,476)	370,865	381,548
Accrued payroll	(968)	-	(2,432)	(1,071)	(4,471)
Compensated absences	(8,821)	-	(9,394)	(18,688)	(36,903)
Net pension liability	181,583	-	79,176	366,594	627,353
Deferred inflows - pension	(5,912)	-	(14,433)	(24,073)	(44,418)
Net other postemployment benefit liability	(41,218)	-	(180,792)	(249,882)	(471,892)
Deferred inflows - OPEB	(311,579)	-	(541,723)	(1,044,498)	(1,897,800)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (311,528)	\$ (102,579)	\$ 373,824	\$ 246,810	\$ 206,527

**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 311 Fund

This fund accounts for the operations of the City's 311 department.

**CITY OF LANSING
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023**

	Fleet Maintenance	Fringe Benefits	Engineering	Information Technology	City 311	Total
ASSETS						
Current assets						
Equity in pooled cash and investments	\$ 9,326,098	\$ 7,403,356	\$ 2,749,032	\$ 3,454,384	\$ 167,193	\$ 23,100,063
Accounts receivable, net	1,678	3,333	-	168	-	5,179
Inventories	530,601	-	-	-	-	530,601
Prepays	-	1,507,156	-	-	-	1,507,156
Total current assets	9,858,377	8,913,845	2,749,032	3,454,552	167,193	25,142,999
Noncurrent assets						
Capital assets not being depreciated/amortized	92,892	-	-	-	-	92,892
Capital assets being depreciated/amortized, net	8,705,052	-	1,295,681	4,509,347	-	14,510,080
Total noncurrent assets	8,797,944	-	1,295,681	4,509,347	-	14,602,972
TOTAL ASSETS	18,656,321	8,913,845	4,044,713	7,963,899	167,193	39,745,971
LIABILITIES						
Current liabilities						
Accounts payable	145,963	1,671,789	-	347,993	-	2,165,745
Accrued payroll	43,445	145,082	28,256	23,466	6,975	247,224
Accrued interest payable	3,627	-	-	-	-	3,627
Claims incurred but not reported	-	1,380,000	-	-	-	1,380,000
Current portion of:						
Long-term obligations	131,463	-	-	1,075,633	-	1,207,096
Compensated absences	12,193	-	30,447	-	-	42,640
Total current liabilities	336,691	3,196,871	58,703	1,447,092	6,975	5,046,332
Noncurrent liabilities						
Long-term obligations, net of current portion	904,824	-	-	3,448,537	-	4,353,361
Compensated absences, net of current portion	194,210	67,792	381,080	294,655	16,181	953,918
Total noncurrent liabilities	1,099,034	67,792	381,080	3,743,192	16,181	5,307,279
TOTAL LIABILITIES	1,435,725	3,264,663	439,783	5,190,284	23,156	10,353,611
NET POSITION						
Net investment in capital assets	7,761,657	-	1,295,681	(14,823)	-	9,042,515
Unrestricted	9,458,939	5,649,182	2,309,249	2,788,438	144,037	20,349,845
TOTAL NET POSITION	\$ 17,220,596	\$ 5,649,182	\$ 3,604,930	\$ 2,773,615	\$ 144,037	\$ 29,392,360

**CITY OF LANSING
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2023**

	Fleet Maintenance	Fringe Benefits	Engineering	Information Technology	City 311	Total
OPERATING REVENUES						
Charges for services	\$ 12,909,980	\$ 68,604,187	\$ 5,145,800	\$ 7,615,775	\$ 1,006,337	\$ 95,282,079
Miscellaneous	-	141,514	-	-	-	141,514
TOTAL OPERATING REVENUES	12,909,980	68,745,701	5,145,800	7,615,775	1,006,337	95,423,593
OPERATING EXPENSES						
Personnel services	2,991,111	252,062	2,978,655	2,258,857	699,952	9,180,637
Purchase of goods and services	2,906,193	70,517,198	1,468,024	3,876,057	166,583	78,934,055
Depreciation/amortization	2,025,117	-	44,887	1,056,410	-	3,126,414
TOTAL OPERATING EXPENSES	7,922,421	70,769,260	4,491,566	7,191,324	866,535	91,241,106
OPERATING INCOME	4,987,559	(2,023,559)	654,234	424,451	139,802	4,182,487
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	-	-	-	54,781	4,235	59,016
Gain on sale of capital assets	50,081	-	-	-	-	50,081
Interest expense and fees	(15,416)	-	-	(16,805)	-	(32,221)
TOTAL NONOPERATING REVENUES (EXPENSES)	34,665	-	-	37,976	4,235	76,876
INCOME (LOSS) BEFORE TRANSFERS	5,022,224	(2,023,559)	654,234	462,427	144,037	4,259,363
TRANSFERS						
Transfer out	(221,251)	-	-	-	-	(221,251)
CHANGE IN NET POSITION	4,800,973	(2,023,559)	654,234	462,427	144,037	4,038,112
Net position, beginning of year	12,419,623	7,672,741	2,950,696	2,311,188	-	25,354,248
Net position, end of year	<u>\$ 17,220,596</u>	<u>\$ 5,649,182</u>	<u>\$ 3,604,930</u>	<u>\$ 2,773,615</u>	<u>\$ 144,037</u>	<u>\$ 29,392,360</u>

**CITY OF LANSING
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

	Fleet Maintenance	Fringe Benefits	Engineering	Information Technology	City 311	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from interfund services	\$ 12,916,386	\$ 70,539,175	\$ 5,145,800	\$ 7,615,775	\$ 1,006,337	\$ 97,223,473
Cash payments for goods and services	(2,964,280)	(69,965,313)	(1,474,668)	(3,669,818)	(166,583)	(78,240,662)
Cash payments to employees	(3,046,569)	(1,295,435)	(3,047,418)	(2,259,835)	(676,796)	(10,326,053)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	6,905,537	(721,573)	623,714	1,686,122	162,958	8,656,758
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of capital assets	50,081	-	-	-	-	50,081
Purchase of capital assets	(2,840,418)	-	-	-	-	(2,840,418)
Principal paid on long-term obligations	(129,642)	-	-	(1,041,587)	-	(1,171,229)
Interest paid on long-term obligations	(15,870)	-	-	(16,805)	-	(32,675)
Transfers out	(221,251)	-	-	-	-	(221,251)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,157,100)	-	-	(1,058,392)	-	(4,215,492)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	-	-	-	54,781	4,235	59,016
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,748,437	(721,573)	623,714	682,511	167,193	4,500,282
Cash and cash equivalents, beginning of year	5,577,661	8,124,929	2,125,318	2,771,873	-	18,599,781
Cash and cash equivalents, end of year	<u>\$ 9,326,098</u>	<u>\$ 7,403,356</u>	<u>\$ 2,749,032</u>	<u>\$ 3,454,384</u>	<u>\$ 167,193</u>	<u>\$ 23,100,063</u>
Reconciliation of operating income to net cash provided by operating activities						
Operating income (loss)	\$ 4,987,559	\$ (2,023,559)	\$ 654,234	\$ 424,451	\$ 139,802	\$ 4,182,487
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation/amortization	2,025,117	-	44,887	1,056,410	-	3,126,414
Change in:						
Accounts receivable	6,406	857,481	-	(88)	-	863,799
Prepays	-	406	-	-	-	406
Inventories	184	-	-	-	-	184
Accounts payable	(58,271)	551,479	(6,644)	206,327	-	692,891
Accrued payroll	(48,250)	7,665	(60,849)	(38,338)	6,975	(132,797)
Claims incurred but not reported	-	(120,000)	-	-	-	(120,000)
Compensated absences	(7,208)	4,955	(7,914)	37,360	16,181	43,374
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 6,905,537	\$ (721,573)	\$ 623,714	\$ 1,686,122	\$ 162,958	\$ 8,656,758
NONCASH FINANCING ACTIVITIES						
Subscription-based IT arrangement inflows	\$ -	\$ -	\$ -	\$ 4,839,491	\$ -	\$ 4,839,491
Subscription-based IT arrangement outflows	-	-	-	(4,839,491)	-	(4,839,491)
TOTAL NONCASH FINANCING ACTIVITIES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2023**

	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	\$ 1,451,043	\$ 367,608	\$ 1,847,303	\$ 316,676	\$ -	\$ -	\$ 3,982,630
Equity in pooled cash and investments	-	-	-	-	-	742	742
Investments							
Mutual funds	104,611,851	31,884,597	202,938,418	39,025,959	5,846,748	37,958,811	422,266,384
Domestic equities	29,291,510	8,927,746	64,365,209	12,378,853	-	-	114,963,318
International equities	492,236	150,028	1,117,102	214,844	-	-	1,974,210
Emerging market equities	6,729,144	2,050,973	12,977,460	2,495,853	-	1,086,437	25,339,867
Money market funds	3,339,943	1,017,979	3,428,851	663,027	-	50,791	8,500,591
Due from other governmental units	-	-	-	4,653	-	-	4,653
Prepays	284	86	-	-	-	-	370
Dividends and interest receivable	37,152	11,324	140,583	12,367	-	21,523	222,949
Total assets	145,953,163	44,410,341	286,814,926	55,112,232	5,846,748	39,118,304	577,255,714
Liabilities							
Accounts payable	84,105	25,635	176,518	-	-	-	286,258
Due to other governmental units	-	-	-	-	4,653	-	4,653
Total liabilities	84,105	25,635	176,518	-	4,653	-	290,911
Net position restricted for:							
Pension benefits	145,869,058	-	286,638,408	-	5,842,095	-	438,349,561
Other postemployment benefits	-	44,384,706	-	55,112,232	-	39,118,304	138,615,242
Total net position	\$ 145,869,058	\$ 44,384,706	\$ 286,638,408	\$ 55,112,232	\$ 5,842,095	\$ 39,118,304	\$ 576,964,803

**CITY OF LANSING
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	Changes in Pension and Other Postemployment Benefits Net Position						
	Employees' Retirement System Pension	Employees' Retirement System OPEB	Police and Fire Retirement System	Police and Fire Retirement System OPEB	Employees' Money Purchase Pension Plan	Retiree Healthcare VEBA	Totals
Additions							
Investment income							
Net appreciation (decrease) in fair value of investments	\$ 4,225,998	\$ 8,993,061	\$ 13,936,766	\$ 11,844,067	\$ 740,813	\$ 2,486,252	\$ 42,226,957
Interest income (loss)	15,723	-	-	-	-	1,106,309	1,122,032
Investment expenses	(805,413)	-	-	-	-	-	(805,413)
Net investment income	3,436,308	8,993,061	13,936,766	11,844,067	740,813	3,592,561	42,543,576
Contributions							
Employer	11,675,068	11,357,259	18,165,988	11,304,220	451,903	769,000	53,723,438
Plan members	1,418,513	-	2,967,886	-	333,163	-	4,719,562
Total contributions	13,093,581	11,357,259	21,133,874	11,304,220	785,066	769,000	58,443,000
Deductions							
Participant benefits	24,212,331	10,410,016	37,717,498	9,188,608	-	-	81,528,453
Administrative expense	114,853	577,351	126,049	765,612	228,710	109,095	1,921,670
Total deductions	24,327,184	10,987,367	37,843,547	9,954,220	228,710	109,095	83,450,123
Change in net position	(7,797,295)	9,362,953	(2,772,907)	13,194,067	1,297,169	4,252,466	17,536,453
Net position restricted for pension and other postemployment benefits							
Beginning of year	153,666,353	35,021,753	289,411,315	41,918,165	4,544,926	34,865,838	559,428,350
End of year	\$ 145,869,058	\$ 44,384,706	\$ 286,638,408	\$ 55,112,232	\$ 5,842,095	\$ 39,118,304	\$ 576,964,803

**CITY OF LANSING
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>54-A District Court</u>	<u>Current Tax Collection</u>	<u>Total</u>
ASSETS			
Equity in pooled cash and investments	<u>\$ 24,009</u>	<u>\$ 438,228</u>	<u>\$ 462,237</u>
LIABILITIES			
Due to individuals and agencies	<u> 24,009</u>	<u> 438,228</u>	<u> 462,237</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, 2023**

	54-A District Court	Current Tax Collections	Total
ADDITIONS TO NET POSITION			
Collections from or on behalf of individuals	\$ 366,985	\$ -	\$ 366,985
Collections of taxes for other governments	<u>-</u>	<u>131,650,983</u>	<u>131,650,983</u>
TOTAL ADDITIONS	<u>366,985</u>	<u>131,650,983</u>	<u>132,017,968</u>
DEDUCTIONS FROM NET POSITION			
Payments to or on behalf of individuals	366,985	-	366,985
Payment of taxes collected for other governments	<u>-</u>	<u>131,650,983</u>	<u>131,650,983</u>
TOTAL DEDUCTIONS	<u>366,985</u>	<u>131,650,983</u>	<u>132,017,968</u>
NET CHANGE IN NET POSITION	-	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Lansing, Michigan's (the "City") annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

		<u>Page</u>
Financial Trends (Tables 1-4)	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	176
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.	181
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.	185
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.	190
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.	192

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

**CITY OF LANSING
NET POSITION BY COMPONENT
2014-2023
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

Table 1

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 150,976,010	\$ 151,785,916	\$ 149,676,860	\$ 149,533,948	\$ 148,263,240	\$ 146,153,309	\$ 143,583,186	\$ 153,733,211	\$ 159,442,216	\$ 152,933,894
Restricted	13,133,137	12,311,541	12,922,525	10,993,950	15,189,723	23,505,738	20,495,617	24,518,910	28,101,348	209,417,055
Unrestricted	(46,344,555)	(251,453,207)	(265,678,371)	(276,790,945)	(606,529,375)	(629,587,773)	(674,087,826)	(603,922,567)	(578,995,034)	(706,190,813)
Total governmental activities net position	<u>\$ 117,764,592</u>	<u>\$ (87,355,750)</u>	<u>\$ (103,078,986)</u>	<u>\$ (116,263,047)</u>	<u>\$ (443,076,412)</u>	<u>\$ (459,928,726)</u>	<u>\$ (510,009,023)</u>	<u>\$ (425,670,446)</u>	<u>\$ (391,451,470)</u>	<u>\$ (343,839,864)</u>
Business-type activities										
Net investment in capital assets	\$ 214,458,841	\$ 218,813,478	\$ 220,436,882	\$ 224,161,744	\$ 227,127,434	\$ 233,988,263	\$ 234,126,397	\$ 219,824,056	\$ 232,446,124	\$ 227,979,176
Restricted	8,746,096	2,889,096	2,764,963	1,818,671	1,886,620	1,953,175	2,432,963	2,437,390	2,441,780	2,486,846
Unrestricted	37,891,053	17,242,167	19,401,320	25,415,447	(13,854,833)	(7,299,147)	(13,397,777)	19,032,067	21,195,582	39,837,334
Total business-type activities net position	<u>\$ 261,095,990</u>	<u>\$ 238,944,741</u>	<u>\$ 242,603,165</u>	<u>\$ 251,395,862</u>	<u>\$ 215,159,221</u>	<u>\$ 228,642,291</u>	<u>\$ 223,161,583</u>	<u>\$ 241,293,513</u>	<u>\$ 256,083,486</u>	<u>\$ 270,303,356</u>
Primary government										
Net investment in capital assets	\$ 365,434,851	\$ 370,599,394	\$ 370,113,742	\$ 373,695,692	\$ 375,390,674	\$ 380,141,572	\$ 377,709,583	\$ 373,557,267	\$ 391,888,340	\$ 380,913,070
Restricted	21,879,233	15,200,637	15,687,488	12,812,621	17,076,343	25,458,913	22,928,580	26,956,300	30,543,128	211,903,901
Unrestricted	(8,453,502)	(234,211,040)	(246,277,051)	(251,375,498)	(620,384,208)	(636,886,920)	(687,485,603)	(584,890,500)	(557,799,452)	(666,353,479)
Total primary government net position	<u>\$ 378,860,582</u>	<u>\$ 151,588,991</u>	<u>\$ 139,524,179</u>	<u>\$ 135,132,815</u>	<u>\$ (227,917,191)</u>	<u>\$ (231,286,435)</u>	<u>\$ (286,847,440)</u>	<u>\$ (184,376,933)</u>	<u>\$ (135,367,984)</u>	<u>\$ (73,536,508)</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
2014-2023
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)**

Table 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
General government	\$ 24,771,054	\$ 25,225,893	\$ 27,993,414	\$ 21,778,154	\$ 16,995,976	\$ 26,679,840	\$30,400,643	\$ 11,196,979	\$ 19,628,516	\$ 20,719,165
Judicial	-	-	-	-	-	-	-	-	-	4,437,374
Health and welfare	-	-	-	-	-	-	-	-	-	6,658,603
Public safety	78,142,897	81,827,437	85,739,408	91,829,441	87,352,251	97,391,612	121,102,641	57,170,988	78,113,026	88,377,091
Public works	37,243,516	27,815,970	28,212,049	28,983,891	26,485,877	29,644,398	35,288,254	32,334,504	27,316,002	16,436,242
Recreation and culture	8,670,918	6,515,590	10,336,168	9,441,519	8,302,243	7,650,889	11,238,934	4,125,852	6,707,099	13,784,687
Community and economic development	7,602,229	10,270,404	10,642,102	12,349,663	16,150,417	21,046,090	20,731,730	34,764,843	75,618,986	18,257,010
Interest on long-term debt	1,340,818	1,291,846	1,424,215	1,201,846	1,137,561	1,182,488	733,925	1,072,610	1,845,964	2,993,891
Total governmental activities expenses	<u>157,771,432</u>	<u>152,947,140</u>	<u>164,347,356</u>	<u>165,584,514</u>	<u>156,424,325</u>	<u>183,595,317</u>	<u>219,496,127</u>	<u>140,665,776</u>	<u>209,229,593</u>	<u>171,664,063</u>
Business-type activities										
Sewage disposal system	28,682,809	27,506,843	28,487,957	27,567,228	28,552,143	31,939,976	32,605,664	20,828,495	22,239,978	30,964,460
Municipal parking system	7,851,702	7,605,461	7,651,077	6,866,747	9,888,246	7,081,998	12,716,606	3,183,095	10,110,065	6,717,635
Cemetery	722,270	632,485	708,545	886,579	1,379,877	470,220	1,652,255	300,009	98,394	703,931
Golf	935,671	852,634	845,575	802,564	(372,775)	278,501	229,467	198,889	164,878	165,530
Garbage and rubbish collection	1,722,843	1,712,671	2,085,728	1,543,380	3,101,893	1,035,262	2,431,066	1,753,713	1,509,140	2,425,495
Recycling	3,263,553	3,623,276	4,092,278	3,667,899	3,859,496	3,856,764	5,576,963	2,613,739	1,656,519	4,005,120
Total business-type activities expenses	<u>43,178,848</u>	<u>41,933,370</u>	<u>43,871,160</u>	<u>41,334,397</u>	<u>46,408,880</u>	<u>44,662,721</u>	<u>55,212,021</u>	<u>28,877,940</u>	<u>35,778,974</u>	<u>44,982,171</u>
Total primary government expenses	<u>\$ 200,950,280</u>	<u>\$ 194,880,510</u>	<u>\$ 208,218,516</u>	<u>\$ 206,918,911</u>	<u>\$ 202,833,205</u>	<u>\$ 228,258,038</u>	<u>\$ 274,708,148</u>	<u>\$ 169,543,716</u>	<u>\$ 245,008,567</u>	<u>\$ 216,646,234</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 6,820,261	\$ 6,815,975	\$ 7,279,427	\$ 7,295,556	\$ 7,038,702	\$ 7,567,720	\$7,616,658	\$ 10,158,500	\$ 9,406,822	\$ 13,093,046
Public safety	2,122,023	3,344,183	2,909,054	3,476,966	4,140,682	3,935,250	4,770,026	3,553,105	4,423,872	237,161
Public works	2,129,126	1,923,303	3,011,894	1,836,466	716,322	2,978,549	536,961	560,343	1,165,080	732,020
Recreation and culture	800,293	619,834	673,840	617,604	831,816	1,092,232	1,038,740	1,188,287	1,192,891	-
Community and economic development	67,323	67,264	67,272	67,312	-	-	-	-	-	2,931,128
Operating grants and contributions	28,234,803	24,658,955	24,561,960	25,157,629	28,983,936	29,663,253	28,534,469	61,065,241	90,177,926	70,476,683
Capital grants and contributions	3,365,682	2,910,660	904,298	63,488	855,760	3,313,872	285,075	15,693,491	5,283,332	1,490,181
Total governmental activities program revenues	<u>43,539,511</u>	<u>40,340,174</u>	<u>39,407,745</u>	<u>38,515,021</u>	<u>42,567,218</u>	<u>48,550,876</u>	<u>42,781,929</u>	<u>92,218,967</u>	<u>111,649,923</u>	<u>88,960,219</u>
Business-type activities										
Charges for services										
Sewage disposal system	31,759,698	31,730,416	32,368,491	34,755,896	35,107,570	35,752,812	34,968,585	38,471,972	35,943,034	38,710,464
Municipal parking system	7,453,476	6,988,879	7,090,335	6,906,091	7,436,552	8,422,161	6,211,685	2,710,377	5,101,852	5,018,385
Cemetery	289,565	335,379	312,929	403,663	351,204	415,757	403,030	558,744	526,299	487,209
Golf	366,567	363,559	313,164	256,218	179,464	-	3,091	-	-	-
Garbage and rubbish collection	1,664,201	1,744,999	1,871,665	1,952,897	2,072,454	2,243,627	2,278,024	2,796,524	3,246,590	3,333,884
Recycling	3,508,536	3,624,671	3,627,070	3,614,794	3,779,468	4,081,700	4,376,310	4,504,054	4,455,510	4,553,007
Operating grants and contributions	2,574,949	1,143,085	1,312,362	1,391,326	1,603,942	6,648,917	2,000,000	-	-	-
Capital grants and contributions	-	-	-	100,000	-	-	-	-	-	5,000,000
Total business-type activities program revenues	<u>47,616,992</u>	<u>45,930,988</u>	<u>46,896,016</u>	<u>49,380,885</u>	<u>50,530,654</u>	<u>57,564,974</u>	<u>50,240,725</u>	<u>49,041,671</u>	<u>49,273,285</u>	<u>57,102,949</u>
Total primary government program revenues	<u>\$ 91,156,503</u>	<u>\$ 86,271,162</u>	<u>\$ 86,303,761</u>	<u>\$ 87,895,906</u>	<u>\$ 93,097,872</u>	<u>\$ 106,115,850</u>	<u>\$93,022,654</u>	<u>\$ 141,260,638</u>	<u>\$ 160,923,208</u>	<u>\$ 146,063,168</u>
Net (Expense) Revenue										
Governmental activities	\$ (114,231,921)	\$ (112,606,966)	\$ (124,939,611)	\$ (127,069,493)	\$ (113,857,107)	\$ (135,044,441)	\$ (176,714,198)	\$ (48,446,809)	\$ (97,579,670)	\$ (82,703,844)
Business-type activities	<u>4,438,144</u>	<u>3,997,618</u>	<u>3,024,856</u>	<u>8,046,488</u>	<u>4,121,774</u>	<u>12,902,253</u>	<u>(4,971,296)</u>	<u>20,163,731</u>	<u>13,494,311</u>	<u>12,120,778</u>
Total primary government net expense	<u>\$ (109,793,777)</u>	<u>\$ (108,609,348)</u>	<u>\$ (121,914,755)</u>	<u>\$ (119,023,005)</u>	<u>\$ (109,735,333)</u>	<u>\$ (122,142,188)</u>	<u>\$ (181,685,494)</u>	<u>\$ (28,283,078)</u>	<u>\$ (84,085,359)</u>	<u>\$ (70,583,066)</u>

CITY OF LANSING
CHANGES IN NET POSITION (concluded)
2014-2023
(UNAUDITED)
(ACCRUAL BASIS OF ACCOUNTING)

Table 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities										
General revenues										
Property taxes	\$ 38,079,548	\$ 39,657,382	\$ 38,578,548	\$ 40,568,278	\$ 39,573,468	\$ 41,692,930	\$41,675,711	\$ 45,690,419	\$ 47,620,607	\$ 47,447,205
Income taxes	31,450,913	31,660,923	34,573,130	35,694,010	38,455,296	37,021,436	37,438,724	37,005,040	37,087,593	40,957,011
Unrestricted grants contributions	35,677,910	36,330,976	36,532,275	38,108,544	39,419,658	39,530,073	42,029,100	46,503,607	47,820,068	47,216,650
Unrestricted investment earnings	36,836	26,353	99,058	125,539	216,239	463,685	707,383	187,320	(94,154)	3,211,843
Miscellaneous	-	280,280	63,079	135,270	-	64,820	91,088	177,521	(38,468)	18,602
Transfers - internal activities	(705,637)	(644,485)	(629,715)	(746,209)	(912,186)	(580,817)	4,691,895	3,221,479	(597,000)	(743,251)
Total governmental activities	104,539,570	107,311,429	109,216,375	113,885,432	116,752,475	118,192,127	126,633,901	132,785,386	131,798,646	138,108,060
Business-type activities										
Unrestricted investment earnings	246,616	17,874	-	-	-	-	2,061,667	1,189,678	698,662	1,216,752
Miscellaneous	2,600	-	3,853	-	-	-	-	-	-	15,498
Transfers - internal activities	705,637	644,485	629,715	746,209	912,186	580,817	(4,691,895)	(3,221,479)	597,000	743,251
Gain on sale of assets	-	-	-	-	-	-	2,120,816	-	-	123,591
Total business-type activities	954,853	662,359	633,568	746,209	912,186	580,817	(509,412)	(2,031,801)	1,295,662	2,099,092
Total primary government	\$ 105,494,423	\$ 107,973,788	\$ 109,849,943	\$ 114,631,641	\$ 117,664,661	\$ 118,772,944	\$ 126,124,489	\$ 130,753,585	\$ 133,094,308	\$ 140,207,152
Change in Net Position										
Governmental activities	\$ (9,692,351)	\$ (5,295,537)	\$ (15,723,236)	\$ (13,184,061)	\$ 2,895,368	\$ (16,852,314)	\$ (50,080,297)	\$ 84,338,577	\$ 34,218,976	\$ 55,404,216
Business-type activities	5,392,997	4,659,977	3,658,424	8,792,697	5,033,960	13,483,070	(5,480,708)	18,131,930	14,789,973	14,219,870
Total primary government	\$ (4,299,354)	\$ (635,560)	\$ (12,064,812)	\$ (4,391,364)	\$ 7,929,328	\$ (3,369,244)	\$ (55,561,005)	\$ 102,470,507	\$ 49,008,949	\$ 69,624,086

**CITY OF LANSING
FUND BALANCE
GOVERNMENTAL FUNDS
2014-2023
(UNAUDITED)**

Table 3

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 79,770	\$ 35,424	\$ 492,549	\$ 28,342	\$ 39,437	\$ 38,605	\$ 185,369	\$ 570,654	\$ 759,490	\$ 951,644
Restricted	36,854	10,044	-	-	-	-	-	-	-	-
Committed	2,038,608	837,761	428,106	385,067	283,815	-	-	7,972,836	785,099	-
Unassigned	7,052,830	9,783,911	12,407,748	15,283,857	17,003,260	9,992,885	9,935,641	21,229,263	21,907,213	20,917,243
Total general fund	<u>9,208,062</u>	<u>10,667,140</u>	<u>13,328,403</u>	<u>15,697,266</u>	<u>17,326,512</u>	<u>10,031,490</u>	<u>10,121,010</u>	<u>29,772,753</u>	<u>23,451,802</u>	<u>21,868,887</u>
All other governmental funds										
Nonspendable	2,551,975	2,619,065	2,578,331	2,618,884	2,842,489	2,952,027	3,169,987	3,283,816	3,153,577	3,130,406
Restricted	6,902,928	6,865,580	6,934,665	4,730,012	9,009,438	17,038,777	18,550,655	21,235,094	35,877,471	208,470,546
Committed	4,623,112	7,110,485	8,427,253	10,426,961	8,837,341	9,147,988	10,637,417	2,546,040	5,192,514	8,268,306
Unassigned (deficit)	<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>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>13,555,858</u>	<u>16,066,986</u>	<u>17,529,997</u>	<u>17,364,759</u>	<u>20,534,007</u>	<u>29,023,246</u>	<u>32,275,822</u>	<u>27,064,950</u>	<u>44,223,562</u>	<u>219,869,258</u>
Total all governmental funds	<u>\$ 22,763,920</u>	<u>\$ 26,734,126</u>	<u>\$ 30,858,400</u>	<u>\$ 33,062,025</u>	<u>\$ 37,860,519</u>	<u>\$ 39,054,736</u>	<u>\$ 42,396,832</u>	<u>\$ 56,837,703</u>	<u>\$ 67,675,364</u>	<u>\$ 241,738,145</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
2014-2023
(UNAUDITED)**

Table 4

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Property taxes and special assessments	\$ 38,151,162	\$ 39,470,249	\$ 38,782,759	\$ 40,691,325	\$ 39,629,305	\$ 41,732,645	\$ 41,709,020	\$ 45,712,919	\$ 48,010,607	\$ 47,447,205
Income taxes	31,450,913	31,660,923	34,573,130	35,694,010	38,455,296	37,021,436	37,438,724	37,005,040	37,087,593	40,957,011
Licenses and permits	1,508,133	1,551,125	1,559,638	1,494,298	2,113,824	1,399,881	2,427,866	1,930,169	1,932,281	2,000,219
Intergovernmental revenue	41,658,435	36,042,377	34,175,112	36,391,761	41,848,072	45,586,152	44,166,490	77,368,957	113,084,026	85,389,115
Charges for services	13,037,014	12,900,490	14,102,447	13,230,822	12,432,770	15,235,656	13,048,934	15,525,892	15,574,570	15,887,520
Fines and forfeits	2,738,392	3,075,427	3,455,541	2,510,945	2,601,063	2,306,990	1,589,733	1,491,641	1,576,283	1,654,848
Interest and rents	56,550	87,035	145,011	201,367	284,165	631,812	911,454	402,443	119,690	3,428,063
Other	21,379,388	23,162,946	22,854,314	22,952,587	22,101,917	22,391,478	23,371,306	26,397,782	25,760,762	29,361,388
Total revenues	149,979,987	147,950,572	149,647,952	153,167,115	159,466,412	166,306,050	164,663,527	205,834,843	243,145,812	226,125,369
Expenditures										
Current Expenditures										
General government	21,063,589	21,720,206	23,386,445	23,948,368	22,281,236	27,340,931	23,111,276	19,864,962	25,473,276	22,250,278
Public safety	72,068,298	75,510,743	72,264,468	73,683,246	75,859,065	78,659,682	80,863,159	76,213,091	90,331,314	95,649,361
Public works	13,456,773	13,273,332	11,715,510	11,201,515	11,087,884	11,632,895	12,368,707	11,010,619	12,955,334	16,350,906
Judicial	-	-	-	-	-	-	-	-	-	8,516,032
Health and welfare	-	-	-	-	-	-	-	-	-	893,963
Highway and streets	10,496,880	10,357,488	10,838,473	10,969,516	10,104,034	11,984,896	10,711,027	10,857,448	11,450,485	13,687,366
Recreation and culture	8,457,444	7,583,085	7,719,906	7,749,245	8,236,872	8,138,369	7,420,052	6,497,239	9,134,233	13,980,828
Community and economic development	3,646,035	3,910,924	3,442,110	4,142,612	15,947,504	19,435,277	18,699,058	43,174,711	76,784,433	28,379,853
Other	2,620,316	2,704,982	2,927,391	2,710,979	-	-	-	-	-	-
Debt service										
Principal	1,185,257	3,616,297	3,892,862	4,596,159	3,622,053	3,183,595	3,286,705	3,359,672	4,518,916	6,280,885
Interest and fiscal charges	3,485,104	931,079	1,275,957	1,120,518	949,318	1,000,307	823,907	798,387	2,003,677	3,941,234
Capital outlay	8,715,193	21,016,808	7,221,346	9,328,278	5,146,742	4,798,070	7,891,788	21,325,057	18,396,917	22,230,357
Total expenditures	145,194,889	160,624,944	144,684,468	149,450,436	153,234,708	166,174,022	165,175,679	193,101,186	251,048,585	232,161,063
Excess (deficiency) of revenues over expenditures	4,785,098	(12,674,372)	4,963,484	3,716,679	6,231,704	132,028	(512,152)	12,733,657	(7,902,773)	(6,035,694)
Other financing sources (uses)										
Transfers in	10,522,162	9,734,572	9,207,856	9,887,627	7,721,661	8,749,296	16,980,511	8,542,188	10,210,859	9,927,805
Transfers out	(12,847,799)	(10,002,772)	(10,055,346)	(11,497,936)	(9,283,847)	(9,330,113)	(13,218,616)	(7,325,709)	(10,807,859)	(10,449,805)
Proceeds from borrowing	986,300	16,761,300	2,090,000	-	-	8,603,699	-	-	27,559,000	177,400,000
Proceeds from the sale of capital assets	167,737	110,533	268	97,255	128,976	-	92,353	490,735	400,000	23,532
Payments to advance refunding escrow agent	-	-	(2,162,163)	-	-	(7,741,363)	-	-	(8,621,566)	-
Bond premium (discount)	-	40,945	80,175	-	-	780,670	-	-	-	10,989,553
Total other financing sources (uses)	(1,171,600)	16,644,578	(839,210)	(1,513,054)	(1,433,210)	1,062,189	3,854,248	1,707,214	18,740,434	187,891,085
Net change in fund balances	\$ 3,613,498	\$ 3,970,206	\$ 4,124,274	\$ 2,203,625	\$ 4,798,494	\$ 1,194,217	\$ 3,342,096	\$ 14,440,871	\$ 10,837,661	\$ 181,855,391
Debt service as a percentage of noncapital expenditures	3.4%	2.8%	3.6%	3.8%	3.0%	2.5%	2.5%	2.7%	2.8%	5.2%

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				
2014	\$ 1,152,931,800	\$ 182,024,000	\$ 666,477,900	\$ 151,900	\$ 2,900	\$ 2,001,588,500	19.70	\$ 4,002,817,000	50.0%
2015	1,144,848,592	183,420,400	758,406,830	158,100	2,900	2,086,836,822	19.70	4,173,673,644	50.0%
2016	1,162,708,909	196,143,891	806,360,800	175,600	2,900	2,165,392,100	19.70	4,330,784,200	50.0%
2017	1,285,584,500	144,076,700	837,758,400	172,500	-	2,267,592,100	19.70	4,535,184,200	50.0%
2018	1,325,754,900	131,924,900	892,135,800	180,000	-	2,349,995,600	19.70	4,699,991,200	50.0%
2019	1,422,412,200	143,567,100	1,000,797,500	185,300	-	2,566,962,100	19.70	5,133,924,200	50.0%
2020	1,537,030,826	157,132,900	1,143,059,850	211,800	-	2,837,435,376	19.70	5,674,870,752	50.0%
2021	1,638,136,900	171,927,400	1,247,559,700	192,100	1	3,057,816,101	19.70	6,115,632,202	50.0%
2022	1,766,415,343	172,959,000	1,285,295,000	206,900	-	3,224,876,243	19.70	6,449,752,486	50.0%
2023	1,965,466,450	201,680,300	1,387,333,702	216,700	-	3,554,697,152	19.70	7,109,394,304	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
2014	2013	19.44	.26	19.70	21.91	9.50	6.00	3.81	9.96	70.88
2015	2014	19.44	.26	19.70	21.77	10.20	6.00	3.81	9.96	71.44
2016	2015	19.44	.26	19.70	21.83	9.83	6.00	3.81	9.96	71.13
2017	2016	19.44	.26	19.70	22.57	10.06	6.00	3.81	9.96	72.10
2018	2017	19.44	.26	19.70	22.60	10.07	6.00	3.81	11.25	73.43
2019	2018	19.44	.26	19.70	22.50	11.34	6.00	3.81	11.26	74.61
2020	2019	19.44	.26	19.70	25.38	11.34	6.00	3.81	9.97	76.20
2021	2020	19.44	.26	19.70	25.10	11.91	6.00	3.77	10.20	76.68
2022	2021	19.44	.26	19.70	24.51	11.98	6.00	3.77	10.18	76.14
2023	2022	19.44	.26	19.70	24.51	11.31	6.00	3.77	10.19	75.48

(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	2023			2014		
	Taxable Assessed Valuation	Rank	Percent of Total	Taxable Assessed Valuation	Rank	Percent of Total
General Motors LLC	\$ 79,627,130	1	2.60%	\$ 81,468,000	1	4.07%
Jackson National Life Insurance Company	60,882,600	2	1.99%	32,771,500	2	1.64%
Consumers Energy	59,903,100	3	1.96%	22,283,300	3	1.11%
Accident Fund	25,824,100	4	0.84%			
Lansing Properties LLC	26,009,500	5	0.85%			
Red Cedar Housing	20,756,700	6	0.68%			
Lansing Retail Center	19,988,600	7	0.65%			
Emergent BioSolutions	14,551,000	8	0.48%	10,661,000	6	0.53%
Lansing MI MultiFamily Dst	13,964,100	9	0.46%			
Hunter Towne Properties	11,373,700	10	0.37%			
Demmer Corporation				14,898,600	4	0.74%
Comcast of Michigan LLC				11,644,000	5	0.58%
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	0.34%
	<u>\$ 332,880,530</u>		<u>10.88%</u>	<u>\$ 204,134,900</u>		<u>10.20%</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
2013	2014	\$ 39,336,952	\$ 39,238,902	99.75%	\$ 20,866	\$ 39,259,768	99.80%
2014	2015	38,329,032	38,258,272	99.82%	49,590	38,307,862	99.94%
2015	2016	38,538,226	38,461,152	99.80%	52,758	38,513,910	99.94%
2016	2017	38,431,072	38,370,929	99.84%	50,344	38,421,273	99.97%
2017	2018	39,234,692	39,232,925	100.00%	67,348	39,300,273	100.17%
2018	2019	40,231,255	40,203,313	99.93%	42,639	40,245,952	100.04%
2019	2020	42,128,760	42,123,931	99.99%	17,175	42,141,106	100.03%
2020	2021	43,098,838	43,051,670	99.89%	132,556	43,184,226	100.20%
2021	2022	47,200,360	47,196,707	99.99%	85,532	47,282,239	100.17%
2022	2023	49,459,123	49,456,656	100.00%	15,067	49,471,723	100.03%

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

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

Source: City of Lansing Treasurer

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

Table 9

Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita	Population (1)
	General Obligation Bonds	Installment Purchase Contracts	Net Unamortized Premiums/ Discounts	Loans	General Obligation Bonds	Revenue Bonds	Installment Purchase Agreements/Loans	Net Unamortized Premiums/ Discounts				
2014	\$ 27,180,294	\$ 3,100,563	\$ 35,294	\$ 7,062,234	\$ 174,471,861	\$ 24,055,438	\$ 1,668,081	\$ 1,729,013	\$ 239,302,778	11.08%	2 2,097	114,113
2015	27,790,281	16,387,327	35,281	7,872,600	167,787,460	19,445,482	1,459,431	1,604,958	242,382,820	10.27%	2 2,133	113,659
2016	21,968,330	15,268,317	68,330	7,872,600	154,303,563	20,671,135	1,246,673	1,715,511	223,114,459	9.42%	2 1,955	114,110
2017	18,080,040	13,757,531	15,040	7,728,428	143,761,916	18,982,246	1,029,723	1,552,355	204,907,279	8.04%	2 1,745	117,400
2018	15,325,818	12,289,396	19,222	7,476,545	136,938,668	17,258,138	808,500	1,389,200	191,505,487	7.18%	2 1,637	116,986
2019	14,925,420	11,274,020	761,721	7,242,002	117,713,909	14,075,000	582,920	2,097,766	168,672,758	6.41%	2 1,437	117,388
2020	11,792,231	10,230,073	748,067	7,000,422	112,290,745	12,525,000	352,897	1,890,331	156,829,766	5.96%	2 1,327	118,210
2021	27,958,180	9,156,735	663,565	7,660,461	115,160,822	10,975,000	118,343	2,142,487	173,835,593	6.85%	2 1,543	112,664
2022	29,629,300	22,457,000	586,222	6,886,326	103,495,891	9,425,000	-	1,998,159	174,477,898	6.85%	2 1,548	114,297
2023	214,543,986	21,048,000	11,526,235	6,092,706	115,004,650	7,875,000	-	1,892,933	377,983,510	14.16%	2 3,361	112,460

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

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

Table 10

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

Fiscal Year Ended June 30,	Population(1)	Taxable Assessed Value(3)	Gross Bonded Debt(2)	Debt Service Monies Available	Debt Payable From Restricted Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Value	Net Bonded Debt per Capita
2014	114,113	\$ 2,001,588,500	\$ 203,416,462	\$ -	\$ 176,200,874	\$ 27,215,588	0.0136	\$ 207
2015	113,659	2,086,836,822	197,217,980	1,000	169,392,418	27,824,562	0.0133	222
2016	114,110	2,165,392,100	178,055,734	1,000	156,019,074	22,035,660	0.0102	179
2017	117,400	2,267,592,100	163,409,357	1,000	145,314,271	18,094,086	0.0080	150
2018	116,986	2,349,995,600	153,772,908	1,000	138,327,868	15,444,040	0.0066	131
2019	117,388	2,566,962,100	135,498,816	30,111	119,811,675	15,657,030	0.0061	127
2020	118,210	2,837,435,376	126,721,374	29,361	114,181,076	12,510,937	0.0044	100
2021	112,664	3,057,816,101	145,925,054	29,361	117,303,309	28,592,384	0.0094	254
2022	112,684	3,224,876,243	135,709,572	29,361	105,494,050	30,186,161	0.0094	268
2023	112,460	3,060,880,895	342,967,804	29,361	116,897,583	226,040,860	0.0738	2,010

(1) Source: 2000 and 2020 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, 2023
(UNAUDITED)**

Table 11

Overlapping

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Net direct - City	\$ 226,040,860	100.00%	\$ 226,040,860
Share of County-issued bonds			
Drain Commission	31,670,588	100.00%	31,670,588
Other Overlapping Debt			
Eaton Intermediate School District	2,777,000	1.50%	41,550
Ingham Intermediate School District	12,496,000	24.94%	3,116,502
Waverly School District	55,580,000	0.28%	155,624
Lansing School District	146,885,000	82.59%	121,312,322
East Lansing School District	90,028,377	6.11%	5,500,734
Holt School District	47,868,286	2.31%	1,105,757
Ingham County	93,567,198	28.78%	26,928,639
Eaton County	14,033,006	2.40%	336,792
Clinton County	24,564,386	0.36%	88,432
Lansing Community College	66,875,000	20.48%	13,696,000
Okemos School District	22,866,460	5.07%	1,159,330
Mason School District	61,720,000	1.26%	777,672
Grand Ledge School District	123,860,000	2.84%	3,517,624
Total Overlapping			\$ 209,407,566
Total Direct and Overlapping			\$ 435,448,426

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 2023

Assessed value, real and personal property	\$ 3,060,880,895
Legal debt margin	
Debt limitation - 10 percent of total valuation	<u>306,088,090</u>
Debt applicable to limit	
Total City Bonded Debt	342,967,804
City Share:	
Drain Commission-County Issued	31,670,588
TIF Supported Bonds	<u>28,215,000</u>
	402,853,392
Less:	
Brownfield Redevelopment Authority Bonds	\$ (39,095,000)
Sewage Disposal Revenue Bonds	(7,875,000)
Pollution Abatement (CSO Project) Bonds	(95,083,997)
Share of County-issued bonds	<u>(31,670,588)</u>
	<u>(173,724,585)</u>
Total net debt applicable to limit	<u>229,128,807</u>
Legal debt margin	<u>\$ 76,959,283</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt limit	\$ 306,088,090	\$ 322,487,624	\$ 283,743,538	\$ 256,696,210	\$ 207,850,642	\$ 233,606,400	\$ 223,687,492	\$ 216,539,210	\$ 208,683,682	\$ 205,138,999
Total net debt applicable to limit	<u>229,128,807</u>	<u>48,804,421</u>	<u>81,956,344</u>	<u>81,532,491</u>	<u>72,669,623</u>	<u>87,295,949</u>	<u>81,398,300</u>	<u>86,432,459</u>	<u>91,352,614</u>	<u>93,062,835</u>
Legal debt margin	<u>\$ 76,959,283</u>	<u>\$ 273,683,203</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	74.86%	15.13%	28.88%	31.76%	34.96%	37.37%	36.39%	39.92%	43.78%	45.37%

**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	
2014	\$ 31,996,794	\$ 13,424,901	\$ 18,571,893	\$ 3,265,000	\$ 1,054,878	\$ 4,319,878	4.30
2015	31,945,082	13,295,574	18,649,508	1,490,000	920,788	2,410,788	7.74
2016	32,676,182	14,066,527	18,609,655	1,550,000	861,188	2,411,188	7.72
2017	35,053,701	13,843,649	21,210,052	1,550,000	799,188	2,349,188	9.03
2018	35,608,454	14,994,871	20,613,583	1,550,000	737,188	2,287,188	9.01
2019	36,696,367	18,587,607	18,108,760	1,550,000	690,688	2,240,688	8.08
2020	34,968,585	19,568,461	15,400,124	1,550,000	613,188	2,163,188	7.12
2021	38,635,421	28,902,815	9,732,606	1,550,000	535,688	2,085,688	4.67
2022	36,142,653	10,866,625	25,276,028	1,550,000	458,188	2,008,188	12.59
2023	38,710,464	17,775,903	20,934,561	1,550,000	380,688	1,930,688	10.84

(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>
2014	114,113	\$ 2,159,930,864	\$ 18,928	32.00	11,936	9.1%	57,809
2015	113,659	2,359,106,204	20,756	32.10	11,525	7.4%	57,807
2016	114,110	2,368,467,160	20,756	32.10	11,014	6.0%	58,009
2017	117,400	2,548,754,000	21,710	32.00	10,873	6.5%	59,321
2018	116,986	2,666,695,870	22,795	32.30	10,641	5.8%	59,537
2019	117,388	2,629,725,976	22,402	32.70	10,462	5.0%	59,251
2020	118,210	2,536,936,212	22,196	31.90	10,661	16.0%	63,541
2021	112,664	2,616,734,064	23,226	35.50	10,031	5.5%	59,058
2022	112,684	2,674,442,056	23,734	34.50	10,173	4.7%	57,447
2023	112,460	2,669,125,640	23,734	32.80	10,173	6.4%	57,447

(1) Source: U.S. Census Bureau

(2) Source: Lansing School District

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

Table 15

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

Company	2023			2014		
	Employees (1)	Rank	Percentage of Employment (2)	Employees (1)	Rank	Percentage of Employment (2)
STATE OF MICHIGAN	13,880	1	5.78%	13,700	1	5.61%
MICHIGAN STATE UNIVERSITY	10,253	2	4.27%	10,725	2	4.39%
SPARROW HEALTH SYSTEM	9,000	3	3.75%	5,735	3	2.35%
GENERAL MOTORS	4,274	4	1.78%	5,522	4	2.26%
MCLAREN HEALTH ⁽³⁾	3,000	5	1.25%	2,400	7	0.98%
AUTO OWNERS INSURANCE GROUP	2,720	6	1.13%	1,500	10	
JACKSON NATIONAL LIFE INS CO	2,439	7	1.02%	1,393	12	
PECKHAM	2,200	8	0.92%	1,400	11	
LANSING COMMUNITY COLLEGE	1,957	9	0.82%	2,990	6	
LANSING SCHOOL DISTRICT	1,082	10	0.45%			
LIBERTY NATIONAL LIFE INSURANCE				5,000	5	2.05%
MEIJER				1,800	8	0.74%
LANSING SCHOOL DISTRICT				1,613	9	0.66%
Greater Lansing metropolitan area employment			239,941			244,197

(1) Data is representative of the Greater Lansing Region

(2) Source: www.purelansing.com/Workforce & Data>Top Employers for 2021 data

(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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
City council	10	10	10	10	10	10	10	10	10	11
Mayor's office	5	5	6	6	7 (G)	7	11	12	12	9
City clerk	5	5	5	5	5	6	6	6	6	8
54-A district court	43	46	45	45	45	45	45	45	45	41
City attorney's office	10	11	11	11	11	12	11	12	13	12
City TV	2	2	2	2	2	2	3	2	2	2
Internal auditor	1	1	1	1	1	1	1	1	1	1
Human resources	10	10	12	12	11	11	11	11	11	14
Information technology	11	11	11	11	16	16	15	15	14	13
Finance										
Accounting/budget/purchasing	10	9	8 (E)	8	8	8	7	8	14	14
Treasury/income tax	9	9	10	11	11	13	16	14	12	12
Assessing	11	11	11	11	11	11	11	11	11	6
Property management	-	-	-	-	-	-	-	-	-	-
Fleet management	-	-	-	-	-	-	-	-	-	-
	127	130	132	133	138	142	147	147	151	143
Planning & neighborhood development										
Administration	2	2	2	2	2	2	3	3	3	3
Code compliance	- (D)	-	-	-	14 (F)	15	19	19	19	17
Building safety	13	13	13	13	13	13	15	14	14	14
Planning	4	4	4	4	3 (G)	4	4	3	3	3
Development	11	10	10	9	9	9	7	8	8	8
Parking & transportation	15	14	14	14	14	14	19	19	19	23
	45	43	43	42	55	57	67	66	66	68
Neighborhood & Citizen Engagement	-	-	-	-	1 (G)	5	5	5	5	-
Police	234 (D)	239	239	240	241	243	239	240	251	237
Fire	188	181	181	181	181	182	186	183	184	170
Code Compliance	14 (D)	14	14	14	- (F)	-	-	-	-	14
	202	195	195	195	181	182	186	183	184	184
Public services										
Administration & engineering	19	19	20	20	20	21	22	23	23	22
Operations & maintenance	117 (D)	117	117	117	118	118	113	116	116	114
Service garage	-	-	-	-	-	-	1	1	1	1
Wastewater	41	41	41	41	42	42	42	42	42	42
Property Management	18	18	18	16	16	16	19	18	18	18
Fleet Management	27	27	26	30	30	30	29	29	29	29
	222 -	222	222	224	226	227	226	229	229	226
Human relations & community services	6	7	7	8	9	10	11	10	10	8
Parks & recreation										
Administration & design	6	6	6	6	6	6	6	6	6	6
Leisure & special recreation	6	6	6	6	6	6	10	6	6	6
Cemeteries	1	1	1	1	1	1	1	1	1	1
Golf/ice arena	3	3	3	3	3	-	-	-	-	-
	16	16	16	16	16	13	17	13	13	13
Total	852	852	854	858	867	879	898	893	909	879

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Fire department responses	19,427	20,170	21,115	21,902	22,768	22,389	21,904	21,650	25,994	19,611
EMS related	16,235	17,376	18,275	18,827	19,264	19,655	18,975	18,381	21,511	15,543
Fire related	3,012	2,794	2,840	3,075	3,063	2,734	2,929	3,269	4,483	4,118
Police department responses	76,855	79,331	71,468	82,722	107,379	84,869	80,449	77,399	78,500	78,239
Arrests	5,656	4,510	3,880	5,710	4,507	4,418	3,524	2,446	2,601	2,871
Traffic violations	7,756	10,781	7,334	9,385	6,496	6,963	5,054	4,287	6,801	6,882
Public works										
Potholes filled	55,193	53,281	53,488	53,332	54,773	2,589	1,042	698	4,997	1,254
Streets resurfaced (miles)	4.6	4.0	8.8	8.7	6.0	4.6	11.0	13.6	1.9	7.0
Recreation										
Recreation participation	50,859	122,639	101,335	98,978	120,245	93,264	29,313	58,284	109,582	129,387
Pavilion rentals	185	206	242	180	202	222	78	140	142	105
Sewage disposal										
Average amount processed daily (gal)	14.49 million	13.28 million	15.46 million	16.32 million	14.45 million	16.60 million	14.18 million	10.61 million	12.1 million	13.3 million
Parking system										
Average number of monthly permits	2,891	3,077	3,218	2,581	3,310	2,500	869	1,203	1,200	1,200
Parking tickets issued	34,373	30,888	32,990	33,492	32,587	37,105	16,481	19,876	30,306	34,881
Cemetery										
Lots sold	93	138	115	162	88	103	121	119	85	56
Golf										
Annual rounds played	22,786	22,998	13,325	14,508	20,492	-	-	-	-	-
Garbage and rubbish										
Yards sent to landfill	18,829	19,667	20,115	20,007	20,492	20,957	22,825	27,865	26,885	27,344
Recycling										
Recycled goods sold (tons)	5,075	5,691	5,940	5,834	5,593	5,407	5,322	6,258	6,310	5,840
Yards composted	25,260	21,685	24,413	24,223	20,031	21,198	14,262	19,888	13,864	14,340

Source: The City of Lansing, Michigan

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

Table 18

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police stations	2	2	2	2	2	2	2	2	2	2
Police patrol units	61	60	60	60	60	58	58	60	57	57
Fire stations	6	6	6	6	6	8	8	8	8	8
Emergency Vehicles	0	0	0	0	0	55	27	31	44	44
Public works										
Streets (miles)	411.00	414.00	414.00	414.00	414.00	413.00	413.23	413.23	412.00	412.00
Traffic signals	200	200	200	200	200	184	206	206	206	206
Recreation										
Park acreage	2,364.85	2,363.45	2,134.26	2,134.26	2,017.56	2,174	1,659	1,659	1,641	1,641
Playgrounds	72	72	74	74	74	76	77	76	76	76
Baseball/softball fields	61	47	25	25	25	22	22	22	22	22
Soccer/football fields	6	6	14	15	15	15	16	16	16	16
Community centers	4	4	4	4	4	4	4	4	4	4
Sewage disposal										
Sanitary sewers (miles)	359	361	361	361	363	364	365	365	367	369
Storm sewers (miles)	234	235	235	235	237	238	239	239	241	243
Combined sewers (miles)	188	188	188	188	187	185	185	184	183	181
Parking system										
Ramps	4	4	4	4	4	3	3	3	3	3
Lots	17	17	16	16	16	16	16	17	14	14
Meters	2,452	2,166	2,166	2,166	2,166	2166	500	200	200	200
On-street Pay Stations							134	128	128	128
Cemetery										
Number of cemeteries	3	3	3	3	3	3	3	3	3	3
Golf										
Number of courses	1	1	1	1	1	1	1	1	1	1
Acreage	115	115	115	115	115	115	115	115	115	115
Garbage and rubbish										
Refuse collection trucks	17	17	14	14	16	8	7	7	7	9
Recycling										
Recycling trucks	7	7	5	5	7	8	8	8	8	9
Compost trucks	0	0	0	0	0	8	7	7	7	5

Sources: The City of Lansing, Michigan