CITY OF LANSING

2006 Comprehensive Annual Financial Report

FOR FISCAL YEAR ENDED JUNE 30, 2006



VIRG BERNERO, *Mayor*Gerald Ambrose, *Acting Director of Finance*

Prepared by: Department of Finance

LANSING CITY GOVERNMENT

2006

MAYOR

VIRG BERNERO

CLERK

CHRIS SWOPE

DISTRICT COURT JUDGES

PATRICK F. CHERRY CHARLES F. FILICE AMY KRAUSE FRANK J. DELUCA LOUISE ALDERSON

AT LARGE JOAN BAUER KATHIE DUNBAR BRIAN JEFFRIES CAROL WOOD

CITY COUNCIL

BY WARDS

HAROLD LEEMAN – 1st Ward SANDRA ALLEN – 2nd Ward RANDY WILLIAMS – 3rd Ward TIM KALTENBACH – 4th Ward

OFFICERS

City Assessor	Matt Dingman
City Attorney	
Acting City Treasurer	Sue Topping
Executive Assistant to the Mayor	Gerald Ambrose
Finance, Acting Director of	Gerald Ambrose
Acting Fire Chief	William Cochran
Human Relations & Community Services, Director of	Rishawn Butler
Acting Internal Auditor	Arnie Yerxa
Management Services, Interim Director of	Marty Riel
Parks & Recreation, Director of	Murdock Jemerson
Personnel, Director of	Terri Singleton
Planning & Neighborhood Development, Director of	Robert Johnson
Police Chief	Mark Alley
Public Service, Director of	Chad Gamble

INTRODUCTORY SECTION

City of Lansing, Michigan

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FINANCE DEPARTMENT

831 City Hall, 124 W. Michigan Ave. Lansing, Michigan 48933 (517) 483-4500

Council President Harold Leeman and Council Members 10th Floor City Hall Lansing, Michigan 48933-1694 December 18, 2006

Dear President Leeman and Council Members:

We are pleased to submit the comprehensive annual financial report of the City of Lansing, Michigan for the fiscal year ended June 30, 2006. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations government wide and of the various funds of the City. This management assurance is supported by a comprehensive system of internal controls designed to reasonably ensure that assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of these 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. Disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The financial reporting entity (the City) includes all of the funds and of the primary government (i.e., the City as legally defined), as well as its blended component units. 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. The Lansing Building Authority is a blended component unit. 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 a discretely presented component units.

The City of Lansing provides a full range of services, including police and fire protection; sanitation services; the construction and maintenance of highways, streets, sewers, and infrastructure; recreational activities and support for human services and cultural events.

Serving as Michigan's capital since 1848, Lansing was incorporated in 1859 and operates under provisions of Public Act 279 of 1909, as amended (the "Home Rule City Act"). The City is located in the lower middle of Michigan's Lower Peninsula and operates under a strong Mayor form of government established by 1978 Charter revision. It is a mature core City with a population of 119,286 according to revised 2000 Census figures.

ECONOMIC CONDITION AND OUTLOOK

<u>State of Michigan Economic Overview</u>. The state of Michigan's economy is weak in light of the national economy's recovery. While the state has worked to diversify its economy over the last decade, this effort paled in comparison to the continued dependence upon the core economic development driver of the state- the automobile making industry.

Since 2001, this industry, both car making of the Big Three and Tier One through Tier Three auto suppliers, has suffered through a radical restructuring as it adjusts to global market place shifts, loss in market share, technological upgrades to its factories, closing of obsolete factories, foreign competition and overwhelming legacy personnel costs. The state has reacted poorly from a policy standpoint in recognizing this shift in its fundamental economy. The state's taxing system continues to be heavily dependent upon traditional manufacturing resulting in an annual, structural government deficit. Thus, continuous cuts in state services and investment (state government is currently running at 1974 personnel levels, the state's Rainy Day fund was depleted in 2002, both parties painfully but proudly poise themselves to tell all that they never raised a tax) has exacerbated the psychological "bad feeling" among the public. This also impacts the state's position in the national and global economy, negatively affecting office, tourism (vacancy rates among Michigan hotels and motels are far above national averages) and retail sectors of the economy.

According to a Board member of the International Conference of Shopping Centers, Michigan has been "red lined" by the retail industry. The state of Wyoming sent recruitment teams to many Michigan cities in 2005, ran advertisements and rented billboards, encouraging Michigan workers to leave Michigan for better job opportunities in the skilled manufacturing trades in Wyoming. Workers left. United Van Lines reports that Michigan leads the nation in usage of the moving industry- moving out of Michigan.

In Lansing, GM carried through with its local restructuring plan, closing its assembly plants and other assets in late 2004. At the same time, much of the remaining tool and die factories also closed shop. Lower state government employment, GM shut downs and other factory closings had great impact on the city's income tax revenue stream moving from 2004 into 2006/2007. It is unlikely that employment figures, either at GM or state government, will ever return to previous levels in Lansing.

The single family housing market and construction industry, once an area that was relatively strong in Michigan, has begun to badly stagnate along with the national trend.

The City of Lansing moved through a typical election cycle in 2005, electing a new Mayor in November of 2005. As is usually the case, a contentious election campaign resulted in a significant slow down of private economic decision making about investments in the city until new leadership was decided upon. A bottle neck of potential economic activity occurred, but is now unleashing rapidly with new vigor and anticipation.

City of Lansing Economic Overview. One can argue that the global restructuring taking place in the auto industry, though difficult for the state of Michigan and Lansing economy, is a sign of strength in that the auto industry and labor leadership both understand that massive and painful restructuring is required now, versus bankruptcy and total job loss in the future. In other words, the Big Three and labor leadership can either continue to right size their labor costs, increase flexibility of labor, design better product and upgrade productivity technologies or face a potential collapse and consolidation. So far, it appears that both parties are working together to transform their industry to meet the demands of the 21st century, global market place. One also needs to note that Michigan's population is not declining, but rather is simply not growing at the national average pace. Michigan's southeast region leads the world in automotive research and development engineering firms and personnel. Ann Arbor recently became home to the most lucrative division of Google with 1000 new employees. Grand Rapids anchors an emerging strong economy along the west coast of Michigan.

Michigan is still one of the top tier states in the country with regards to population size and industry. Lansing has joined the ranks of Ann Arbor, Grand Rapids, Holland, Traverse City, Birmingham, Novi, Royal Oak and a few other locations as a true economic point of opportunity in a struggling state.

The City's unemployment rate has typically hovered at 5.8%, about the national average and significantly below the statewide average. New development in the last six months of the fiscal year (the beginning of the new administration) created over 1800 jobs and \$219 million in private investment, - five times the total in private investment and three times the total in job creation compared to all of 2005.

Lansing's emergence as an economic point of opportunity is exemplified in many other ways as well:

- 1. LEADERSHIP: Lansing has elected a new and energetic mayor who has listed economic development activity as the top priority. The new vision of economic development demands bold new thinking and embraces the competitive nature of the global economy and technological advancements. Linking the skilled work force of the region, college students and graduates, education, capital and entrepreneurs with global high tech and bio-tech business opportunities at Michigan State University is a key strategy.
- 2. CITY COUNCIL: The Lansing City Council has remained supportive of targeted, appropriate growth incentives to companies investing in Lansing.
- 3. INVESTING IN ECONOMIC DEVELOPMENT: The Mayor and City Council increased by nearly 100% the spending on economic development staff and programming in the city in the 2006/2007 budget passed on July 1 2006. Though the numbers are small it is still significant. Support from the city's general fund budget was increased from \$130,000 to \$254,000.
- 4. TWO NEW CAR ASSEMBLY PLANTS COME ON LINE: While all other regions of the state experience terrible Tier One through Tier Three auto supplier layoffs, on a massive scale, GM has opened two, new car assembly plants in the city itself and half a dozen auto suppliers are building new plants in the city and/or region. GM's total workforce has declined from approximately 16,000 ten years ago to a workforce of approximately 6000 today (all in the city proper). 2400 new auto supplier jobs will be on-line by the fall of 2006 (most in the city proper). These remarkable investment achievements (over \$2 billion in investment over the last five years in the city) are a testament to the highly unique and special labor/management relationship that GM and the UAW enjoy with one another here in Lansing. Out of all of North America, GM selected and rewarded the UAW approach in Lansing to be the model for 21st century industry success. These new plants are the most automated, technologically advanced and flexible (in every respect from machines to labor) in the entire world. This is where the future lies for GM and labor. Whatever may or may not happen to GM, these new Lansing car assembly plants are the top automotive assets anywhere, in any company in the world.
- 5. DOWNTOWN BLOSSOMS: While private investment is weak in Michigan, there is still money to spend and banks that want to make loans. Thus, the only silver lining to the general collapse of the industrial sector and single family housing of the suburbs of Michigan is that new capital has flowed to an area with potential return on investment- Michigan's downtowns, in particular, university towns. Downtown Lansing is enjoying a genuine, market-driven rebirth of its economy. There is very little retail vacancy on Washington Square, buildings are being purchased rapidly and rehabilitated and almost all of the rehab involves

mixed use- retail (mainly locally owned restaurants) on the first floor with lofts and condos being placed on the upper floors. Almost all of this development is being lead by a new generation of entrepreneur- Young, committed to historic rehabilitation standards, fierce about downtown success and free of the typical Lansing developer thinking- Sit on a vacant building for a decade in hopes of landing a new state of Michigan office contract. These new entrepreneurs move fast, take calculated risk and embrace a big picture.

- 6. HIGH TECH DIVERSIFICATION: Lansing is also seizing upon its position next to Michigan State University (MSU). The new administration has resurrected the SmartZone concept (Lansing was the only significant region in the state not to adopt a SmartZone in the state). The city has seen success already in developing new businesses that grow from the Intellectual Properties Department of MSU. Niowave is the most recent example. This new business has been started by a group of Cyclotron (out of MSU) professors who anticipate their commercialization to generate 100 jobs within 5 years, located downtown Lansing in the once abandoned Walnut elementary school.
- 7. TRADITIONAL MANUFACTURING DIVERSIFICATION: While Lansing can fortunately still tout a strong automobile sector, budding downtown development and high tech/bio-tech diversification, the city has not lost site of assisting targeted traditional manufacturing. The Demmer Corporation is in the process of receiving incentives, so that it can create 300 to 400 new jobs over the next three years, turning its business from automotive related work (80%) to military-related work. Smart Office Systems is moving its operations to a vacant plant in Lansing. They make remanufactured furniture and have landed major contracts in the recent past. The Dart Development Group is building speculative industrial space in Lansing's Midway Industrial Park on I-96. Perhaps this is nearly the only region in the entire state to have the private sector building speculative industrial space in this economic climate, but it is a testament to something special happening to Lansing.

To date, Lansing's 2006 private investment is running nearly five times that for all of 2005. Jobs created in just the first half of 2006 are nearly three times total levels for 2005. It is also gratifying to point out that the investment and job creation figures are distributed across economic boundaries, ranging from industrial development to mixed use development downtown to high tech and biotech development projects. Lansing is truly experiencing a historic year in economic development efforts.

Significant Projects in the Future:

There are literally dozens of private development projects being contemplated for the near future. Examples include:

- 1. The City is aggressively moving forward with what has been described as the impossible- Rehabbing the Ottawa Power Station building on the river with a viable, private tenant.
- 2. Since the start of the Bernero Administration, a host of partnerships have been developed to bring to reality a Lansing Performing Arts center in the downtown. The plan is to build the \$30.8 million facility without debt service by sharing the building with a significant tenant from the state. A new city parking ramp, pedways, a ten story Association Building and the expansion of a near-by corporation are all part of the plan. We anticipate getting final approvals at the end of 2006. This will be the home to the Boarshead Theater, Lansing Community College's new Culinary Arts School (with restaurant) and civic players, the Lansing Symphony Orchestra, Cooley Law School's expanded library and MSU's Wharton Center has agreed to be the booking agent.
- 3. A new downtown library that would be combined with a new Impression Five Children's Science museum is under consideration. This would be supported through a countywide Capitol Area District Library bond millage to build new libraries across the county.
- 4. Efforts are underway to retain the Michigan Dental Association downtown on top of the Capitol Centre building (three new stories). There are a number of firms who wish to buy both the current Michigan Dental Association building and the current building that the LEDC offices are located in.
- 5. Economic development incentives are being considered to assist in the rehabilitation of the six floor Hollister building in downtown.
- 6. Efforts are underway to assist in the construction of a five story building called the Abrams building that would be built new near the Stadium District building in our Cool City area.
- 7. Several projects are underway involving high-tech businesses.

CHALLENGES

Despite significant economic development success, like much of the industrial Midwest, Lansing experienced continued challenges in FY 2006. Such challenges were largely attributable to the slow pace of economic recovery elsewhere in Michigan, and State government's responses to resulting revenue shortfalls, both in terms of its own employment levels and in the reductions in revenue sharing with municipalities. Due to some favorable revenue receipts, and a partial hiring freeze, the City's General Fund ended the year using \$1.2 million less in revenue than budgeted.

Like many other urban cities in Michigan, the City is faced with rising healthcare, pension, and labor costs outpacing the growth in its primary General Fund revenue sources. To maintain its financial strength the Mayor is working with City Council and

departments to address the structural imbalance through the budget process and through prudent fiscal management.

Among other significant financial policies, the City has established a retiree healthcare prefunding plan for non-police and fire employees beginning employment after 1990. In addition, the City has begun funding for both police and fire employees, and those members of the Employees Retirement System who began employment prior to 1990 through the respective pension systems. While high health care premium increases and revenue shortfall precluded voluntary excess contributions in FY 2006, the City has continued to make those contractual and actuarial contributions, with a view that such funding will greatly contribute to long term financial stability. A revised actuarial study is underway to determine future funding needs. Regarding the City's two defined benefit retirement plans, the Police and Fire Retirement System is 94.2% funded and the Employees Retirement System is 84.8% funded as of December 31, 2005. This reflects the Pension Funded Ratio of Actuarial Accrued Liability method of measuring the systems' progress in accumulating benefits when done.

OTHER INFORMATION

Budgeting Controls. The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. The City also maintains an encumbrance accounting system, whereby purchase orders amounts are deducted from the available budget, as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end and require Council approval to be carried forward to the ensuing fiscal year for amounts greater than \$5,000 or greater than eight months old. The budget is adopted at the activity level within each department.

Risk Management. The City carries all-risk coverage on all real and personal property and contents. The total coverage is \$485 million with a \$25,000 self insured retention. Workers Compensation is self insured with excess reinsurance coverage for claims exceeding \$500,000 from the State Accident Fund. The City carries liability coverage in the amount of \$16 million per occurrence.

Independent Audit. State statutes require an annual audit by independent certified public accountants. The accounting firm of Rehmann Robson, was selected by the City's Audit Committee. In addition to meeting requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and schedules is included in the financial section of this report.

<u>Awards.</u> The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. This was the 28th consecutive year that the City has received this prestigious award. In order to be awarded

a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The preparation of this comprehensive annual financial report, on a timely basis, was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for their contributions made in the preparation of this report and in the financial management of the City. The 28th consecutive GFOA award, recognizing their efforts, is well deserved indeed.

Sincerely,

Virg Bernero Mayor

Gerald Ambrose Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lansing Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

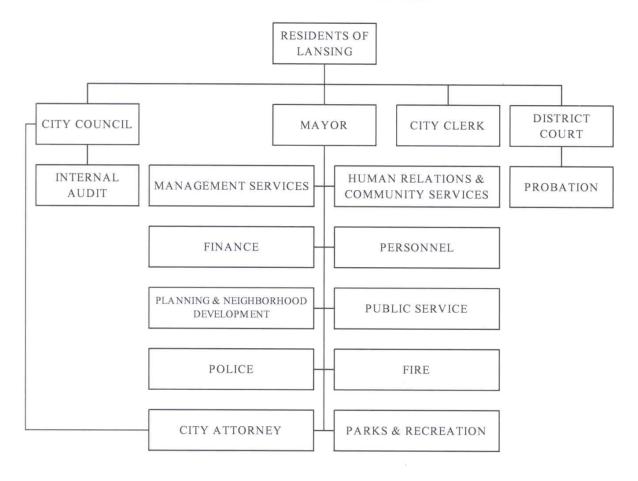
WINTED STATES OF CHANGES OF CHANG

President

Executive Director

Struy K. Ener

ORGANIZATIONAL CHART



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

November 22, 2006

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

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*, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lansing's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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, Michigan, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2006, on our consideration of the City of Lansing, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters, in a separately issued single audit report. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-12 and the historical pension supplementary information for the Employees and Police and Fire Retirement Systems listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and do not express opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Lansing's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Rehmann Loham

MANAGEMENT'S DISCUSSION and ANALYSIS

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, 2006 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.

HIGHLIGHTS

Government-wide:

• The assets of the City exceeded its liabilities at the close of the fiscal year by \$452.9 million (reported as *net assets*), a decrease of \$7.0 million from the previous year. Component units of the City reported a deficit of net assets of \$42.8 million, an increase of \$1.3 million from the previous year.

Fund Level:

- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$43.9 million. Of this, \$40.8 million is reported as unreserved fund balance, inclusive of \$5.7 million in the City's Budget Stabilization Fund (before fiscal year 2007 designation of \$1.6 million) and \$9.9 million designated for capital projects for subsequent year expenditure. The remaining fund balance of \$3.0 million is reserved for specific purposes, such as long-term advances to other funds and encumbrances. At the end of the fiscal year, unreserved fund balance for the General Fund was \$4.6 million, a decrease of \$.1 million.
- The business-type activities reported net assets at year-end of \$225.5 million, a decrease of \$.5 million during the year.

Debt:

• The City's total debt was \$246.9 million at June 30, 2006, an increase of \$2.7 million (or 1.1%), which represents the net difference between new issuances, and payments and refunding of outstanding debt. During the year, the City issued debt of \$37.6 million, including \$14.0 million in limited tax general obligation bonds for its Combined Sewer Overflow (CSO) abatement project, and refunded \$17.4 million of limited tax general obligation bonds. More detailed information regarding these activities and funds can be found in footnote 3-G, Long Term Debt which begins on page 49.

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 Statements (Reporting the City as a Whole) These statements include all non-fiduciary assets and liabilities, but exclude assets and liabilities related to pensions. The Statement of Net Assets 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 Assets (page 13) presents all of the City's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets are an indicator of whether the City's long term financial position is improving or deteriorating.

The Statement of Activities (pages 14 and 15) presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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).

The Statement of Net Assets 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 staff departments fall
 within the governmental activities.
- Business-type Activities The City charges fees to customers to help cover all or most of the cost 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 three such discretely presented units; the Lansing Entertainment and Public Facilities Authority, the Tax Increment Finance Authority, and the Brownfield Redevelopment.

These financial statements include two schedules (pages 17 and 19) 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 revenue 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 issuance costs, discounts and premiums in the issuance of long term debt, are reported as
 expenditures in governmental fund statements, but are capitalized and amortized in the governmentwide statements.
- Unless due and payable, long-term liabilities, such as capital lease obligations, compensated absences, litigation, 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.
- 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.

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 30 of this report.

Fund Financial Statements (Reporting the City's Major Funds)

The City's Major Funds are identified as its Sewage Disposal Fund, and its Parking System Fund, along with its General Fund. The major fund financial statements begin on page 16. In addition to major funds, individual fund data for the non-major funds begins on page 66. 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 project, 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 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 plans. 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 Assets and Changes in Fiduciary Net Assets beginning on page 25. These funds, which include pension and other employee benefit funds, 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.

Additional 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 supplementary information.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major 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.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

The City's combined net assets decreased \$7.7 million over the course of this fiscal year's operations to a total of \$452.9 million. The net assets of the governmental activities decreased \$7.1 million or 3.0% and business-type activities decreased \$.5 million or .2%.

Net Assets as of June 30, (in millions of dollars)

	Governmental Activities			Business-type Activities			Total Primary Government					
		2006		2005		2006		2005		2006		2005
Assets												
Current and other non-current assets	\$	67.6	\$	63.8	\$	97.2	\$	97.3	\$	164.8	\$	161.1
Capital assets		216.3		221.6		342.5	_	340.3	_	558.8		561.9
Total assets	\$	283.9	\$	285.4	\$	439.7	\$	437.6	\$	723.6	\$	723.0
Liabilities												
Liabilities												
Long-term liabilities	\$	41.8	\$	38.3	\$	209.5	\$	207.2	\$	251.3	\$	245.5
Other liabilities	_	14.6	_	13.2	_	4.7	_	4.4	_	19.3		17.6
Total liabilities	\$	56.4	\$	51.5	\$	214.2	\$	211.6	\$	270.6	\$	263.1
Net assets												
Invested in capital assets, net of related debt		190.3		198.3		161.3		163.8		351.6		362.1
Restricted		36.7		33.9		36.4		39.5		73.1		73.4
Unrestricted		.5		1.7	_	27.8		22.7	_	28.3		24.4
Total net assets	\$	227.5	\$	233.9	\$	225.5	\$	226.0	\$	453.0	\$	459.9

The largest component (77.6%) of the City's net assets reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt outstanding that was needed to acquire or construct the assets. Unrestricted net assets comprise 6.2 %. These represent resources that may be used at the City's discretion, but often have limitations based upon policy action. The remaining portion, restricted net assets, is subject to external restrictions such as bond covenants, City Charter, State legislation or Constitutional provision.

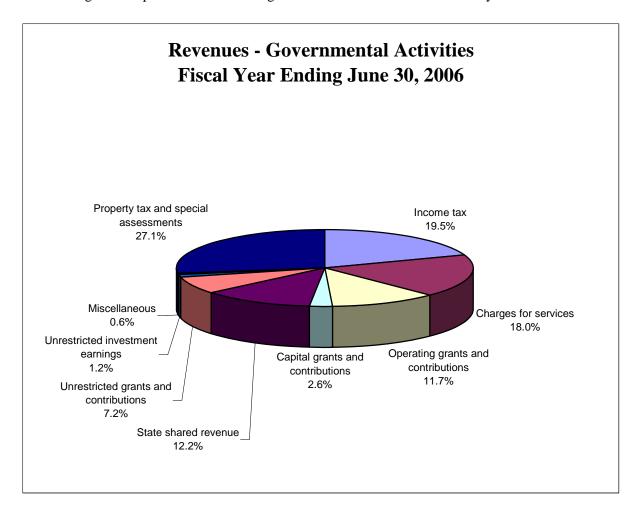
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City's net assets changed during the fiscal year:

Change in Net Assets for the Fiscal Year Ended June 30, (in millions of dollars)

	Governmental Activities			Business-type Activities				Total Primary Government			
		2006		2005	2006		2005		2006		2005
Revenues											
Program revenues											
Charges for services	\$	24.9	\$	23.0	\$ 42.9	\$	42.2	\$	67.8	\$	65.2
Operating grants		16.1		16.7	-		-		16.1		16.7
Capital grants		3.6		3.5	1.4		.7		5.0		4.2
General revenues											
Taxes		64.5		63.6	-		-		64.5		63.6
State shared revenue		16.9		17.5	-		-		16.9		17.5
Unrestricted Grants and Contributions		9.9		8.9	-		-		9.9		8.9
Unrestricted Investment		-									
Earnings		1.7		.7	1.5		1.3		3.2		2.0
Other		.8		.1	-		-		.8		.1
Total revenues		138.4		134.0	45.8		44.2		184.2		178.2
Expenses					J						
General government, administrative		34.4		53.5	-		-		34.4		53.5
Public Safety		60.0		38.7	-		-		60.0		38.7
Public Works		31.8		30.7	-		-		31.8		30.7
Recreation and Culture		7.9		5.5	_		-		7.9		5.5
Community Development		7.1		7.0	-		-		7.1		7.0
Interest on Long Term Debt		1.2		1.0	-		-		1.2		1.0
Sewage Disposal System		_		_	21.7		20.6		21.7		20.6
Municipal Parking System		_		_	18.4		10.2		18.4		10.2
Cemetery		_		-	.8		.8		.8		.8
Golf		_		-	1.4		1.4		1.4		1.4
Garbage and Refuse Collection		-		-	1.4		1.4		1.4		1.4
Recycling		_		_	3.0		2.9		3.0		2.9
Potter Park Zoo		_		_	2.7		2.7		2.7		2.7
Total expenses		142.4		136.4	49.4		40.0		191.8		176.4
Excess before transfers		(4.0)		(2.4)	(3.6)		4.2		(7.6)		1.8
Transfers in (out)		(3.1)		(2.1)	3.1		2.1		-		-
Changes in net assets		(7.1)		(4.5)	(.5)		6.3		(7.6)		1.8
Beginning net assets, as restated		234.6		238.4	226.0		219.7		460.6		458.1
Ending net assets	\$	227.5	\$	233.9	\$ 225.5	\$	226.0	\$	453.0	\$	459.9

Governmental Activities:

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



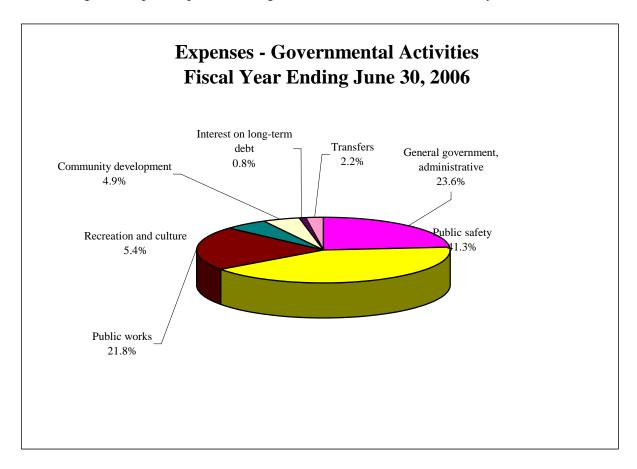
Property taxes comprised 27.1% of Governmental Activities revenue, with \$2,144,185 representing debt service on voted unlimited tax- general obligation debt. The City's operating millage is currently 14.95 mills. In accordance with Charter and State Constitutional provisions, the City may levy up to 19.1692 mills for operations in FY 2007.

Income taxes comprised 19.5% of Governmental Activities revenue which fully appears within the General Fund. 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.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation of portions of the State sales tax and motor fuel and weight taxes. FY 2006 receipts from the State of Michigan trended downward, due to declining sales tax collections and discretionary reductions in revenue sharing payments.

Significant changes in expenses of Governmental Activities resulted primarily from the allocation of fringe benefit expenses to all departments of the City. Previously, these expenses were included in general government expenses.

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



Business-type Activities

Net assets of the business-type activities decreased by \$.5 million during the fiscal year.

The Sewage Disposal System Fund net assets increased by \$6.4 million. This is primarily a result of funding for capital costs of the combined sewer separation project. Sewage system revenues are expected to increase by 4% per year over the next five years to continue this 30 year project.

Within non-major funds, Cemeteries, Golf, and Potter Park Zoo remain subsidized by the General Fund.

The City of Lansing is continuing its five year plan to eliminate the unrestricted net asset deficit in the Golf Fund.

Expenses in the Municipal Parking System increased by approximately \$8 million primarily due to the loss realized from the sale of land.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the fiscal year, its governmental funds reported fund balances of \$43.9 million. Of this total amount, \$10.3 million, constitutes unreserved fund balance which is available for appropriation for the general purposes of the City. This includes \$5.7 million in the City's Budget Stabilization Fund of which \$1.6 million has been appropriated for fiscal year 2007 and \$4.6 million in the General Fund. Further, \$36.2 million of the total amount of \$43.9 million constitutes unreserved fund balances that are restricted for the purposes of the funds they were set up for. The remainder of fund balance is reserved and is not available for new spending because it has already been reserved for specific purposes, including special assessments and encumbrances.

General Fund

The General Fund is the chief operating fund of the City. At the end of fiscal year 2006, the General Fund fund balance was \$7.1 million, including an unreserved fund balance of \$4.6 million and a reserved fund balance of \$2.4 million. The General Fund's total fund balance decreased \$114,313. Unreserved fund balance decreased by \$74,948.

General Fund Budgetary Highlights:

Due to the combination of a partial hiring freeze and the following revenue highlights, the FY 2006 budgeted use of reserves was decreased from \$3.1 million to (inclusive of FY 2005 carryforwards) to \$1.9 million in May.

A 1.5 million increase in budgeted income tax revenues, despite the closing of the General Motors Lansing Car Assembly Plant. This increase was later offset by a \$1 million one-time adjustment (reduction) to adjust the accounting treatment for income tax payables.

State Fire Protection Reimbursement grant appropriations received a supplemental appropriation by the State, and the City's share was increased by \$338,000, accordingly.

Sewage Disposal Fund

Net assets increased \$6.5 million to \$196.3 million in FY2006. This was attributable to an increase in capital assets, net of related debt increasing \$8.4 million for the City's continuing combined sewer overflow project.

Parking Fund

The Municipal Parking Fund had a decrease in capital assets net of related debt of \$11.9 million, due to the sale of some downtown property for economic development. Unrestricted net assets increased \$4.1 million, mainly from the proceeds of the sale. Total net assets decreased \$7.7 million from this transaction.

Budget Stabilization Fund

Fund balance at June 30, 2006 decreased to \$5.7 million, from \$7.2 million the previous year. The Fund is limited by Ordinance to 10% of year end General Fund appropriations. The City has appropriated \$1.6 million for their 2007 budget.

Capital Assets

Capital Assets: At the end of the fiscal year 2006, the City had invested \$558.8 million, net of accumulated depreciation, in a broad range of capital assets (see the table below). Total depreciation charges for the fiscal year were \$23.5 million. Additional information regarding the City's capital assets can be found in the notes to the basic financial statements.

Capital Assets as of June 30, (net of depreciation, in millions of dollars)

	Governmental Activities			Business-type Activities					Total Primary Government				
	2006		2005		2006		2005		2006		2005		
Land	\$ 24.6	\$	24.7	\$	13.9	\$	22.6	\$	38.5	\$	47.3		
Land improvements	4.5		4.3		13.3		14.1		17.8		18.4		
Buildings and improvements	47.1		48.9		107.4		111.6		154.5		160.5		
Equipment	7.2		5.8		1.0		1.2		8.2		7.0		
Sewers	_		-		141.8		132.5		141.8		132.5		
Infrastructure	123.4		132.5		-		-		123.4		132.5		
Subtotal	206.8		216.2		277.4		282.0		484.2		498.2		
Construction in progress	9.5	_	6.1		65.1		58.3		74.6		64.4		
Total	\$ 216.3	\$	222.3	\$	342.5	\$	340.3	\$	558.8	\$	562.6		

Infrastructure capital assets in governmental activity funds of \$7,472,662 were removed from service during the year.

Within business-type activity funds, land was reduced by almost \$9.0 million due to the sale of the Land Triangle property in the Parking Fund.

Debt Administration

The City, along with the Lansing Building Authority (LBA), a blended component unit of the City, are 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 only dedicated revenue bonds which are currently outstanding. LBA's bonds financed the construction of parking, golf course, and firing range 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. The General Fund pays for firing range related debt service. More detailed information regarding the City's long-term obligations is presented in Note 3-G (Long-Term Debt) to the financial statements.

Outstanding Debt as of June 30, (in millions of dollars)

	2006	2005
Governmental:		
Special assessment bonds	\$0.03	\$0.04
General obligation bonds (backed by the City)	17.24	13.32
Installment purchase contracts	7.35	8.40
Loans	1.41	1.54
Sub-total	26.03	23.30
Business Type:		
General obligation bonds (backed by the City)	168.82	165.03
Revenue bonds and notes (backed by specific fee revenu	47.91	51.71
Loans	4.18	4.18
Sub-total	220.91	220.92
Total	\$246.94	\$244.22

ECONOMIC CONDITION AND OUTLOOK

The State of Michigan's slow economic recovery, combined with rising labor force and healthcare costs, continues to place budgetary and fiscal constraints on the City of Lansing. A pick-up in income tax growth (net of a one-time adjustment), along with stable property tax growth, is a tentatively positive sign; however, a structural imbalance between revenue and expenditure growth exists, as is the case for the majority of cities, especially those that are urban centers, in Michigan.

To address these budgetary challenges, since his inauguration in January, 2006, Mayor Bernero has implemented a budgetary strategy of maximizing revenues, reducing expenses, improving operational efficiencies, and investing in productivity-gaining measures and technologies, with an emphasis on protecting vital services to the public. The Mayor continues to work with Council and the unions to slow the rising cost of healthcare and other compensation issues. While the FY 2007 budget includes a \$1.6 million use of reserves, the Mayor has pledged to continue working with Council to eliminate any use of General Fund reserves for the FY 2008 budget.

CONTACTING THE CITY FINANCE DEPARTMENT

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. If you have any questions about this report or need additional financial information, contact the Finance Department at (517) 483-4500.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Lansing Statement of Net Assets June 30, 2006

	Governmental Activities	Business-type Activities	Totals	Component Units
Assets				
Cash and investments	\$ 36,330,084	\$ 28,033,109	\$ 64,363,193	\$ 1,201,990
Receivables, net	28,917,325	30,098,371	59,015,696	564,134
Internal balances	(344,781)	344,781	-	-
Inventories, prepaids and other assets	2,688,881	1,262,224	3,951,105	229,506
Restricted assets:				
Cash and investments	-	36,788,644	36,788,644	360,961
Receivables, net	-	618,811	618,811	-
Capital assets not being depreciated	34,130,880	78,991,143	113,122,023	-
Capital assets being depreciated, net	182,158,368	263,549,495	445,707,863	140,100
Total assets	283,880,757	439,686,578	723,567,335	2,496,691
Liabilities				
Accounts payable and				
accrued liabilities	14,363,031	3,521,586	17,884,617	712,560
Accrued interest payable	219,376	1,054,278	1,273,654	8,768,219
Unearned revenues	59,454	100,516	159,970	667,249
Long-term liabilities:				
Due within one year	14,669,974	15,866,117	30,536,091	2,390,848
Due in more than one year	27,104,529	193,665,969	220,770,498	32,699,455
Total liabilities	56,416,364	214,208,466	270,624,830	45,238,331
Net assets				
Invested in capital assets, net				
of related debt	190,243,447	161,324,071	351,567,518	54,492
Restricted for:				
Public safety	1,177,785	-	1,177,785	=
Public works	11,226,501	-	11,226,501	=
State mandated programs	7,007,538	-	7,007,538	-
Debt service	-	35,945,848	35,945,848	-
Capital projects	15,717,371	419,583	16,136,954	-
Endowments (non-expendable)	1,577,150	-	1,577,150	-
Unrestricted (deficit)	514,601	27,788,610	28,303,211	(42,796,132)
Total net assets (deficit)	\$ 227,464,393	\$ 225,478,112	\$ 452,942,505	\$ (42,741,640)

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

City of Lansing Statement of Activities For the Year Ended June 30, 2006

<u>Functions/Programs</u>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	\$ 34,375,762	\$ 6,416,850	\$ 38,594	\$ -	\$ (27,920,318)
Public safety	60,047,271	13,087,372	1,062,801	-	(45,897,098)
Public works	31,790,944	3,891,646	14,882,090	716,439	(12,300,769)
Recreation and culture	7,881,212	1,405,584	98,383	195,290	(6,181,955)
Community development	7,124,491	66,486	-	2,747,440	(4,310,565)
Interest on long-term debt	1,197,851		76,628		(1,121,223)
Total governmental activities	142,417,531	24,867,938	16,158,496	3,659,169	(97,731,928)
Business-type activities:					
Sewage disposal system	21,706,537	26,867,610	-	-	5,161,073
Municipal parking system	18,403,163	10,289,830	-	-	(8,113,333)
Cemetery	753,151	237,564	-	-	(515,587)
Golf	1,398,963	890,190	-	1,368,773	860,000
Garbage and rubbish collection	1,412,620	1,295,053	-	-	(117,567)
Recycling	2,981,730	2,816,277	-	-	(165,453)
Potter Park Zoo	2,718,759	471,703			(2,247,056)
Total business-type activities	49,374,923	42,868,227		1,368,773	(5,137,923)
Total primary government	\$ 191,792,454	\$ 67,736,165	\$ 16,158,496	\$ 5,027,942	\$ (102,869,851)
Component units					
Brownfield redevelopment	\$ 520,818	\$ 2,500	\$ 53,996	\$ -	\$ (464,322)
Community development	3,716,189	÷ 2,500		-	(3,716,189)
Recreation and culture	5,603,087	4,781,436	866,012		44,361
Total component units	\$ 9,840,094	\$ 4,783,936	\$ 920,008	\$ -	\$ (4,136,150)

Continued...

City of Lansing
Statement of Activities (concluded)
For the Year Ended June 30, 2006

	Governmental Activities	Business-type Activities	Totals	Component Units
Changes in net assets				
Net (expense) revenue	\$ (97,731,928)	\$ (5,137,923)	\$(102,869,851)	\$ (4,136,150)
General revenues				
Property taxes	37,506,017	-	37,506,017	5,370,444
Income taxes	27,032,176	-	27,032,176	-
Grants and contributions not				
restricted to specific programs	26,817,633	-	26,817,633	-
Unrestricted investment earnings	1,634,608	1,453,076	3,087,684	103,988
Gain on sale of capital assets	774,822	1,248	776,070	-
Transfers - internal activities	(3,132,465)	3,132,465		
Total general revenues				
and transfers	90,632,791	4,586,789	95,219,580	5,474,432
Change in net assets	(7,099,137)	(551,134)	(7,650,271)	1,338,282
Net assets (deficit), beginning of year, as restated	234,563,530	226,029,246	460,592,776	(44,079,922)
Net assets (deficit), end of year	\$ 227,464,393	\$ 225,478,112	\$ 452,942,505	\$ (42,741,640)

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

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Major Funds

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Non-Major Funds

Non-major governmental funds are presented, by fund type, beginning on the pages listed below: Special Revenue funds, page 68.

Debt Service funds, page 80.

Capital Projects funds, page 84.

Permanent funds, page 88.

City of LansingBalance Sheet - Governmental Funds June 30, 2006

	General	Other Governmental Funds	Totals
<u>Assets</u>			
Assets			
Cash and cash equivalents	\$ 2,136,334		\$ 4,555,494
Equity in pooled cash	-	28,574,716	28,574,716
Accounts receivable, net	6,769,995		9,382,621
Taxes receivable	4,084,933		4,084,933
Special assessments receivable	-	1,162,420	1,162,420
Loans receivable	-	1,410,149	1,410,149
Accrued interest receivable	4 101 225	1,594,910	1,594,910
Due from other funds	4,101,335		4,147,387
Interfund receivable	601.262	5,728,059	5,728,059
Advances to other funds	601,263		793,702
Due from other governments	5,405,318		10,581,217
Prepaids	158,960		305,724
Inventories	1,537,398	<u> </u>	1,537,398
Total assets	\$ 24,795,536	\$ 49,063,194	\$ 73,858,730
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 6,353,479	\$ 1,384,842	\$ 7,738,321
Deposits payable	-	336,768	336,768
Accrued payroll	1,688,676		1,920,502
Retainage payable	2,041,032		2,041,032
Indemnity bonds	-	14,774	14,774
Due to other funds	4,404,218	290,389	4,694,607
Interfund payable	883,765	5,696,024	6,579,789
Advance from other funds	-	601,263	601,263
Due to other governments	1,262,802	-	1,262,802
Deferred revenue	803,801	3,712,137	4,515,938
Other	279,578	<u> </u>	279,578
Total liabilities	17,717,351	12,268,023	29,985,374
Fund balances			
Reserved for advances	601,263	192,439	793,702
Reserved for prepaids	158,960		305,724
Reserved for inventories	1,537,398		1,537,398
Reserved for encumbrances	145,603		612,372
Unreserved, designated for	- 10,000	,	
subsequent years' expenditures:			
General fund	1,914,379	_	1,914,379
Special revenue funds	-	9,882,456	9,882,456
Unreserved, reported in:		.,,	.,,
General fund	2,720,582	-	2,720,582
Special revenue funds	,,	8,915,835	8,915,835
Debt service funds	-	88,826	88,826
Capital projects funds	-	15,524,932	15,524,932
Permanent funds		1,577,150	1,577,150
Total fund balances	7,078,185	36,795,171	43,873,356
Total liabilities and fund balances	\$ 24,795,536	\$ 49,063,194	\$ 73,858,730

City of Lansing

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets June 30, 2006

Fund balances - total governmental funds	\$ 43,873,356
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add - capital assets	469,072,556
Deduct - accumulated depreciation	(257,586,034)
Because the focus of governmental funds is on short-term financing, some	
assets will not be available to pay for current expenditures. Those assets	
(i.e., receivables) are offset by deferred revenues in the governmental funds	
and, therefore, not included in fund balance.	
Add - deferred ambulance fees	445,324
Add - deferred nuisance fees	358,477
Add - deferred loans receivable	1,210,149
Add - deferred long-term interest receivable	1,593,867
Add - deferred long-term special assessments	848,667
Internal service funds are used by management to charge the costs of certain	
equipment maintenance to individual funds. The assets and liabilities of the	
internal service funds are included in governmental activities in the statement	
of net assets.	8,069,991
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - bonds, loans and leases payable	(24,616,977)
Deduct - accrued interest on bonds, loans and leases payable	(194,231)
Add - deferred bond issue costs	18,407
Deduct - compensated absences and other long-term liabilities	(15,629,159)
Net assets of governmental activities	\$ 227,464,393

City of Lansing
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

Revenues Property taxes \$ 34,929,616 \$ 3,028,157 \$ 37,957,773 Income taxes 27,032,176 - 27,032,176 Licenses and permits 860,647 - 860,647 Intergovernmental 17,587,626 17,376,599 34,964,225 Charges for services 10,198,052 9,238,215 19,436,267 Fines and forfeits 3,928,338 587,613 4,515,951 Interest and rents 781,160 929,514 1,710,674 Contributions 9,347,440 38,391 9,388,831 Donations from private sources 121,505 960,778 1,082,283 Total revenues 104,786,560 32,708,322 137,494,882 Expenditures 2 2 137,494,882 Expenditures 2 2 13,493,20 137,494,882 Expenditures 2 2 13,493,20 137,494,882 Expenditures 32,462,650 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,629		General	Totals		
Property taxes					
Income taxes					
Recease and permits		. , ,	\$ 3,028,157		
Intergovernmental 17,587,626 17,376,599 34,964,225 Charges for services 10,198,052 9,238,215 19,436,259 Fines and forfeits 3,928,338 587,613 4,515,951 Interest and rents 781,160 929,514 1,710,674 Contributions 9,347,440 38,391 9,385,815 Other revenues 121,505 960,778 1,082,283 Total revenues 104,786,560 32,708,322 137,494,882 Total revenues 104,786,560 32,708,322 137,494,882 Total revenues 32,462,650 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,659 Highways and streets 2,298,952 7,970,052 10,879,004 Highways and streets 2,298,952 7,970,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs 12,2453 1,004,728 1,127,181 Issuance costs 2,988,552 138,444,545 Revenues over (under) expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Porceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Porceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Porceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500			-		
Charges for services 10,198,052 9,238,215 19,436,267 Fines and forfeits 3,928,338 587,613 4,515,951 Interest and rents 781,160 929,514 1,710,674 Contributions 9,347,440 38,391 9,385,831 Donations from private sources - 549,055 549,055 Other revenues 104,786,560 32,708,322 137,494,882 Expenditures Current expenditures: General government 32,462,650 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,629 Highways and streets 2,908,952 7,700,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: 97incipal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs - 18,407 18,407 Capital			-		
Fines and forfeits 3,928,338 587,613 4,515,951 Interest and rents 781,160 929,514 1,710,674 Contributions 9,347,440 38,391 9,385,831 Donations from private sources 121,505 960,778 1,082,283 Total revenues 104,786,560 32,708,322 137,494,882 Expenditures Current expenditures: 32,462,650 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,629 Public safety 53,695,680 5,447,949 59,143,629 Highways and streets 2,908,952 7,970,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs 18,407 18,407 Capital outlay - 18,407 18,407 18,407					
Interest and rents					
Contributions Donations from private sources Other revenues 9,347,440 38,391 9,385,831 Other revenues 121,505 960,778 1,082,283 Total revenues 104,786,560 32,708,322 137,494,882 Expenditures 2 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,629 Highways and streets 2,908,952 7,970,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs 1 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) - 13,306,810 133,06,810 Transfers in 2,081,511 6,089,487 8,170,998					
Donations from private sources - 549,055 960,778 549,055 1,082,283 Other revenues 104,786,560 32,708,322 137,494,882 Expenditures Expenditures: Current expenditures: General government 32,462,650 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,629 41,343,629 Highways and streets 2,908,952 7,970,052 10,879,004 48,259,415 41,240,629 68,554 7,509,183 7,509,183 00,472 40,20,415 <td></td> <td>,</td> <td></td> <td></td>		,			
Other revenues 121,505 960,778 1,082,283 Total revenues 104,786,560 32,708,322 137,494,882 Expenditures Current expenditures: 32,462,650 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,629 Highways and streets 2,908,952 7,970,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) 2,081,511 6,089,487 8,170,998 Transfers in 2,081,511 6,0		9,347,440			
Expenditures 104,786,560 32,708,322 137,494,882 Expenditures Current expenditures: General government 32,462,650 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,629 Highways and streets 2,908,952 7,970,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: 2 Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs 18,407 18,407 Capital outlay - 13,306,810 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,75	•	-		,	
Expenditures Current expenditures: 32,462,650 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,629 Highways and streets 2,908,952 7,970,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822	Other revenues	121,505	960,778	1,082,283	
Current expenditures: 32,462,650 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,629 Highways and streets 2,908,952 7,970,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) 7,758,507 (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - - 7,581,500 7,581,500 Bond premium - 52,982	Total revenues	104,786,560	32,708,322	137,494,882	
Current expenditures: 32,462,650 2,493,387 34,956,037 Public safety 53,695,680 5,447,949 59,143,629 Highways and streets 2,908,952 7,970,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) 7,758,507 (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - - 7,581,500 7,581,500 Bond premium - 52,982	Expenditures				
Public safety 53,695,680 5,447,949 59,143,629 Highways and streets 2,908,952 7,970,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 77,4822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium					
Highways and streets 2,908,952 7,970,052 10,879,004 Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service: 10,000,000 8,259,415 1,000,000 1,127,181 Principal 536,528 2,708,351 3,244,879 1,127,181 Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) 4,980,300 (5,929,963) (949,663) Other financing sources (uses) (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400)	General government	32,462,650	2,493,387	34,956,037	
Recreation and culture 7,440,629 68,554 7,509,183 Other functions 2,639,368 5,620,047 8,259,415 Debt service:		53,695,680	5,447,949		
Other functions 2,639,368 5,620,047 8,259,415 Debt service: Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (Highways and streets	2,908,952	7,970,052	10,879,004	
Debt service: Principal 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) </td <td>Recreation and culture</td> <td>7,440,629</td> <td>68,554</td> <td>7,509,183</td>	Recreation and culture	7,440,629	68,554	7,509,183	
Principal Interest 536,528 2,708,351 3,244,879 Interest 122,453 1,004,728 1,127,181 Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,	Other functions	2,639,368	5,620,047	8,259,415	
Interest 122,453 1,004,728 1,127,181 Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) 2,081,511 6,089,487 8,170,998 Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 <t< td=""><td>Debt service:</td><td></td><td></td><td></td></t<>	Debt service:				
Issuance costs - 18,407 18,407 Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) 3,170,998 3,170,998 3,170,998 Transfers in 2,081,511 6,089,487 8,170,998 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) 9,74,822 1,758,1500 1,7581,500 7,581,5	Principal	536,528	2,708,351	3,244,879	
Capital outlay - 13,306,810 13,306,810 Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155	Interest	122,453	1,004,728	1,127,181	
Total expenditures 99,806,260 38,638,285 138,444,545 Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155	Issuance costs	-	18,407	18,407	
Revenues over (under) expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155	Capital outlay		13,306,810	13,306,810	
expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155	Total expenditures	99,806,260	38,638,285	138,444,545	
expenditures 4,980,300 (5,929,963) (949,663) Other financing sources (uses) Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155	Revenues over (under)				
Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155		4,980,300	(5,929,963)	(949,663)	
Transfers in 2,081,511 6,089,487 8,170,998 Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155	Other financing sources (uses)				
Transfers out (7,758,507) (3,544,956) (11,303,463) Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155		2.081.511	6.089.487	8.170.998	
Proceeds on sale of capital assets 582,383 192,439 774,822 Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155					
Issuance of long-term debt - 7,581,500 7,581,500 Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155					
Bond premium - 52,982 52,982 Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155		-			
Bond discount - (42,400) (42,400) Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155	_	_			
Payment to escrow agent - (1,504,575) (1,504,575) Total other sources (uses) (5,094,613) 8,824,477 3,729,864 Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155	1	_	/		
Net change in fund balances (114,313) 2,894,514 2,780,201 Fund balances, beginning of year 7,192,498 33,900,657 41,093,155					
Fund balances, beginning of year 7,192,498 33,900,657 41,093,155	Total other sources (uses)	(5,094,613)	8,824,477	3,729,864	
Fund balances, beginning of year 7,192,498 33,900,657 41,093,155					
	<u> </u>		33,900.657		

City of Lansing
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2006

Net change in fund balances - total governmental funds	\$	2,780,201
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Add - capital outlay		9,167,908
Deduct - depreciation expense		(13,348,725)
Deduct - loss on disposal of capital assets		(2,072,710)
Revenues in the statement of activities that do not provide current financial resources		
are not reported as revenues in the funds, but rather are deferred to subsequent		
fiscal years.		122.024
Add - change in ambulance fees		133,034
Add - change in deferred special assessments		10,918
Internal service funds are used by management to charge the costs of certain		
equipment maintenance to individual funds. The net increase (decrease) in the		
net assets of the internal service funds is reported with governmental activities.		
Deduct - net operating income (loss) from governmental activities in internal service funds		(193,513)
Add - interest revenue from governmental internal service funds		15,531
Deduct - interest expense from governmental internal service funds		(79,358)
Deduct - amortization expense from governmental internal service funds		(654)
Debt proceeds provide current financial resources to governmental funds in the		
period issued, but issuing debt increases long-term liabilities in the statement of		
net assets. Repayment of debt principal is an expenditure in the funds, but the		
repayment reduces long-term liabilities in the statement of net assets.		
Deduct - issuance of long-term debt		(7,581,500)
Add - principal payments on long-term liabilities		3,244,879
Deduct - premium on bond issuances		(52,982) 42,400
Add - discount on bond issuances Add - payments to bond escrow agent		1,504,575
Add - bond issuance costs		18,407
ride bolid issuance costs		10,107
Certain expenditures are reported in govenmental funds that reduce long-term		
liabilities for purposes of the statement of net assets.		
Deduct - increase in liability for workers' compensation		(1,378,878)
Some expenses reported in the statement of activites do not require the use of current		
financial resources and therefore are not reported as expenditures in the funds.		
Add - decrease in accrued interest payable on long-term liabilities		8,688
Add - decrease in the accrual for compensated absences	_	682,642
Change in net assets of governmental activities	\$	(7,099,137)

Proprietary Fund Financial Statements

Major Funds

Sewage Disposal System Fund – This fund accounts for the provision 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.

Non-Major Funds and Internal Service Funds

Non-major enterprise funds and internal service funds are presented, by fund type, beginning on the pages listed below:

Enterprise funds, page 90.

Internal Service funds, page 98.

City of Lansing Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund For the Year Ended June 30, 2006

	Buc	lget		Variance with	
	Original	Final	Actual	Final Budget	
D.					
Revenues	Φ 24.525.000	Φ 24.025.660	Φ 24.020.616	Φ (6.052)	
Property taxes	\$ 34,535,000	\$ 34,935,668	\$ 34,929,616	\$ (6,052)	
Income taxes	26,400,000	27,940,000	27,032,176	(907,824)	
Licenses and permits	825,606	825,606	860,647	35,041	
Intergovernmental	17,110,000	17,714,496	17,587,626	(126,870)	
Charges for services	10,674,450	10,144,806	10,198,052	53,246	
Fines and forfeits	3,874,200	3,774,350	3,928,338	153,988	
Interest and rents	584,100	823,800	781,160	(42,640)	
Contributions	9,034,500	9,289,655	9,347,440	57,785	
Other revenues	606,690	72,200	121,505	49,305	
Total revenues	103,644,546	105,520,581	104,786,560	(734,021)	
Expenditures					
General government:					
City clerk	858,525	966,417	929,884	36,533	
Council	1,002,222	1,046,170	1,011,268	34,902	
Courts	4,372,108	4,297,072	4,296,516	556	
Finance	4,765,407	4,800,313	4,778,175	22,138	
General administration	10,677,259	5,779,044	5,814,606	(35,562)	
Law	1,129,708	1,100,632	1,096,312	4,320	
Management services	8,792,335	9,725,721	9,664,836	60,885	
Mayor	671,915	675,980	661,979	14,001	
Personnel services	1,203,316	1,369,649	1,367,962	1,687	
Planning / neighborhood development	3,169,300	3,004,937	2,841,112	163,825	
Total general government	36,642,095	32,765,935	32,462,650	303,285	
Public safety:					
Police	26,242,179	28,626,535	28,579,978	46,557	
Fire	21,872,464	25,240,836	25,115,702	125,134	
Total public safety	48,114,643	53,867,371	53,695,680	171,691	
II'. I					
Highways and streets: Public service	2 (01 5()	2.040.502	2 000 052	40.640	
Public service	3,681,566	2,949,592	2,908,952	40,640	
Parks and recreation	6,899,192	7,530,577	7,440,629	89,948	
Other functions:					
Human relations / community services	994,782	1,053,229	1,051,540	1,689	
Human services / community support	1,708,000	1,701,055	1,587,828	113,227	
Total other functions	2,702,782	2,754,284	2,639,368	114,916	

Continued...

City of Lansing Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Concluded) General Fund For the Year Ended June 30, 2006

	Budget					Variance with		
	C	riginal		Final	Actual		Final Budget	
Expenditures (concluded)								
Debt service:								
Principal	\$	1,296,081	\$	536,528	\$	536,528	\$	-
Interest and fees		161,219		122,453		122,453		-
Total debt service		1,457,300		658,981		658,981		
Total expenditures	9	99,497,578	1	00,526,740		99,806,260		720,480
Revenues over (under) expenditures		4,146,968		4,993,841		4,980,300		(13,541)
Other financing sources (uses)								
Transfers in		2,200,000		2,306,967		2,081,511		(225,456)
Transfers out	((6,683,968)		(8,104,088)		(7,758,507)		345,581
Proceeds on sale of capital assets		337,000		521,752		582,383		60,631
Total other financing sources (uses)		(4,146,968)		(5,275,369)		(5,094,613)		180,756
Net change in fund balance		-		(281,528)		(114,313)		167,215
Fund balance, beginning of year		7,192,498		7,192,498		7,192,498		<u>-</u>
Fund balance, end of year	\$	7,192,498	\$	6,910,970	\$	7,078,185	\$	167,215

City of Lansing Statement of Net Assets Proprietary Funds June 30, 2006

	Bı	nds	Governmental			
	Sewage Disposal	Municipal Parking	Other Enterprise		Activities - Internal	
	System	System	Funds	Totals	Service Funds	
Assets						
Current assets:						
Cash and cash equivalents	\$ 16,277,240	\$ 2,416,499	\$ 20,338	\$ 18,714,077	\$ -	
Equity in pooled cash	-	8,296,819	1,448,792	9,745,611	2,773,295	
Receivables:						
Accounts, net	2,969,145	595,770	220,677	3,785,592	701,075	
Accrued interest	73,507	377,709	-	451,216	-	
Lease receivable, current	-	2,329,691	-	2,329,691	-	
Inventories	242,249	-	96,323	338,572	271,796	
Prepaids	-	-	-	-	549,235	
Due from other funds	4,394,218	-	-	4,394,218	10,000	
Interfund receivable	-	-	-	-	1,278,309	
Restricted assets:	0 < 500 005	255 255		25.700.511		
Cash and cash equivalents	36,533,287	255,357	-	36,788,644	-	
Accounts receivable	100.000	419,583	-	419,583	-	
Accrued interest receivable	198,282	946	1.706.120	199,228	5 500 510	
Total current assets	60,687,928	14,692,374	1,786,130	77,166,432	5,583,710	
Noncurrent assets:						
Lease receivable	-	23,531,872	-	23,531,872	-	
Bond issue costs	504,126	419,526	-	923,652	6,321	
Capital assets, net	288,273,761	43,703,212	10,563,665	342,540,638	4,802,726	
Total non-current assets	288,777,887	67,654,610	10,563,665	366,996,162	4,809,047	
Total assets	349,465,815	82,346,984	12,349,795	444,162,594	10,392,757	
Liabilities						
Current liabilities:						
Accounts payable	2,776,860	74,289	135,139	2,986,288	35,552	
Deposits payable	-	34,755	-	34,755	-	
Accrued interest payable	905,078	136,946	12,254	1,054,278	25,145	
Accrued payroll	156,695	68,606	150,153	375,454	36,952	
Other	-	-	-	-	696,750	
Due to other funds	3,856,523	475	<u>-</u>	3,856,998	-	
Interfund payable	-	-	426,579	426,579	-	
Advances from other funds	-	192,439	-	192,439	-	
Due to other governments	125,089	-	-	125,089	-	
Unearned revenues	-	-	100,516	100,516	-	
Current portion of:	0.510.000	5 450 450	60,000	15.040.470	115,000	
Long-term debt	9,510,000	5,479,472	60,000	15,049,472	115,000	
Compensated absences	433,602	109,973	273,070	816,645	85,067	
Total current liabilities	17,763,847	6,096,955	1,157,711	25,018,513	994,466	
Noncurrent liabilities:	402			400 000 000		
Long-term debt	135,231,535	57,268,350	830,134	193,330,019	1,295,000	
Compensated absences	197,046	29,737	109,167	335,950	33,300	
Total non-current liabilities	135,428,581	57,298,087	939,301	193,665,969	1,328,300	
Total liabilities	153,192,428	63,395,042	2,097,012	218,684,482	2,322,766	
Net assets						
Invested in capital assets, net of related debt	144,036,352	7,614,188	9,673,531	161,324,071	3,373,902	
Restricted for debt retirement	35,826,491	119,357	-	35,945,848	-	
Restricted for capital projects	-	419,583	-	419,583	-	
Unrestricted	16,410,544	10,798,814	579,252	27,788,610	4,696,089	
Total net assets	\$ 196,273,387	\$ 18,951,942	\$ 10,252,783	\$ 225,478,112	\$ 8,069,991	

City of Lansing
Statement of Revenues, Expenses
and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2006

	Bu	Governmental			
	Sewage Disposal System	Municipal Parking System	Other Enterprise Funds	Totals	Activities - Internal Service Funds
Operating revenues					
Charges for services	\$ 26,785,110	\$ 8,358,604	\$ 5,710,787	\$ 40,854,501	\$ 21,975,436
Operating expenses					
Personal services	6,086,604	2,388,375	4,973,077	13,448,056	1,399,106
Purchase of goods and services	6,781,138	1,557,078	3,693,995	12,032,211	19,914,957
Depreciation	6,106,404	2,692,446	547,330	9,346,180	854,886
Total operating expenses	18,974,146	6,637,899	9,214,402	34,826,447	22,168,949
Operating income (loss)	7,810,964	1,720,705	(3,503,615)	6,028,054	(193,513)
Nonoperating revenues (expenses)					
Interest revenue	1,064,854	352,124	36,098	1,453,076	15,531
Gain (loss) on sale of capital assets	3,864	(7,695,962)	(6,962)	(7,699,060)	, -
Interest expense and fees	(2,692,349)	(4,064,956)	(50,821)	(6,808,126)	(79,358)
Amortization of bond issue costs	(40,042)	-	-	(40,042)	(654)
Other revenue	82,500	1,931,226		2,013,726	
Total nonoperating expenses	(1,581,173)	(9,477,568)	(21,685)	(11,080,426)	(64,481)
Income (loss) before					
contributions and transfers	6,229,791	(7,756,863)	(3,525,300)	(5,052,372)	(257,994)
Capital contributions	-	-	1,368,773	1,368,773	-
Transfers in	500,000	-	2,951,725	3,451,725	-
Transfers out	(300,000)		(19,260)	(319,260)	
Change in net assets	6,429,791	(7,756,863)	775,938	(551,134)	(257,994)
Net assets, beginning of year	189,843,596	26,708,805	9,476,845	226,029,246	8,327,985
Net assets, end of year	\$ 196,273,387	\$ 18,951,942	\$ 10,252,783	\$ 225,478,112	\$ 8,069,991

City of Lansing Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2006

	Bu	Governmental			
	Sewage	Municipal	Other		Activities -
	Disposal	Parking System	Enterprise Funds	Totals	Internal
Cash flows from operating activities	System	System	runas	1 Otals	Service Funds
Cash received from customers	\$ 26,873,734	\$ 7,461,026	\$ 5,718,877	\$ 40,053,637	\$ -
Cash received from interfund services	-	-	-	-	25,475,829
Cash payments for goods and services	(8,229,101)	(1,460,540)	(3,643,343)	(13,332,984)	(20,508,697)
Cash payments to employees Other receipts	(6,053,417)	(2,369,194)	(4,933,381)	(13,355,992)	(1,385,329)
Net cash provided by (used for)	82,500	1,931,226		2,013,726	
operating activities	12,673,716	5,562,518	(2,857,847)	15,378,387	3,581,803
				· · · · · · · · · · · · · · · · · · ·	
Cash flows from noncapital financing activities					
Transfers in	500,000	-	2,951,725	3,451,725	-
Transfers out Net cash provided by (used for)	(300,000)		(19,260)	(319,260)	
noncapital financing activities	200,000	_	2,932,465	3,132,465	_
noneaphar maneing activities	200,000		2,702,100	3,132,100	
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	3,864	2,651,918	-	2,655,782	-
Acquisition and construction of capital assets Capital contributions received	(20,025,285)	(415,957)	(1,472,456)	(21,913,698)	(1,052,347)
Principal paid on revenue and general obligation bonds	(8,670,000)	(21,335,000)	1,368,773 (55,000)	1,368,773 (30,060,000)	(110,000)
Interest paid on revenue and general obligation bonds	(2,648,475)	(1,762,416)	(49,988)	(4,460,879)	(79,358)
Proceeds from issuance of long-term debt	14,074,219	15,975,000	(17,700)	30,049,219	(77,550)
Payments received on capital lease	-	2,181,953	-	2,181,953	-
Net cash provided by (used for)					
capital and related financing activities	(17,265,677)	(2,704,502)	(208,671)	(20,178,850)	(1,241,705)
Cash flows from investing activities					
Interest and dividends	1,064,854	352,124	36,098	1,453,076	15,531
Net increase (decrease) in cash and cash equivalents	(3,327,107)	3,210,140	(97,955)	(214,922)	2,355,629
Cash and cash equivalents, beginning of year	56,137,634	7,758,535	1,567,085	65,463,254	417,666
Cash and cash equivalents, end of year	\$ 52,810,527	\$ 10,968,675	\$ 1,469,130	\$ 65,248,332	\$ 2,773,295
Reconciliation of operating income (loss) to					
net cash provided by (used for) operating activities					
Operating income (loss)	\$ 7,810,964	\$ 1,720,705	\$ (3,503,615)	\$ 6,028,054	\$ (193,513)
Adjustments to reconcile operating income (loss) to					
net cash provided by (used for) operating activities Depreciation expense	6,106,404	2,692,446	547,330	9,346,180	854,886
Other receipts	82,500	1,931,226	347,330	2,013,726	654,660
Change in:	02,500	1,731,220		2,013,720	
Accounts receivable	195,997	(928,883)	8,090	(724,796)	992,522
Accrued interest receivable	(107,373)	31,305	-	(76,068)	49
Inventory	14,447	-	(956)	13,491	(39,182)
Prepaids Due from other funds	(4,394,218)	2,434	-	(4,391,784)	(82,222)
Interfund receivable	(4,394,216)	2,434	-	(4,391,764)	2,507,822
Accounts payable	292,664	(61,729)	35,694	266,629	(15,716)
Deposits payable	, -	(32,219)	-	(32,219)	-
Accrued interest payable	11,815	(19,799)	(674)	(8,658)	(1,962)
Accrued payroll	33,187	19,181	39,696	92,064	13,777
Other	2 (77 965	-	-	2 (79 240	(460,405)
Due to other funds Interfund payable	2,677,865	475	35,352	2,678,340 35,352	-
Advances from other funds	-	192,439	33,332	35,352 192,439	-
Unearned revenues	-	194,439	4,772	4,772	- -
Compensated absences	(50,536)	14,937	(23,536)	(59,135)	5,747
Total adjustments	4,862,752	3,841,813	645,768	9,350,333	3,775,316
Net cash provided by (used for) operating activities	\$ 12,673,716	\$ 5,562,518	\$ (2,857,847)	\$ 15,378,387	\$ 3,581,803

Fiduciary Fund Financial Statements

Pension (and Other Post Employment Benefits) Trust Funds – Employee Pension Trust funds accept payments made by the City, invest fund resources, and calculate and pay pensions to beneficiaries.

Combining schedules for fiduciary funds are presented in the notes to the financial statements.

Agency Funds – These funds account for resources held in a trustee or agent capacity for the 54-A District Court.

Combining statements for agency funds are presented, by fund type, beginning on page 102.

City of Lansing Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2006

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 10,948,913	\$ 118,697
Equity in pooled cash	-	139,682
Investments:		
U. S. Government obligations	85,120,778	-
Corporate bonds	1,258,867	-
Common stocks	44,865,359	-
Mutual funds	337,289,036	-
Contribution receivable	3,172,560	-
Dividends and interest receivable	658,080	
Total assets	483,313,593	\$ 258,379
Liabilities		
Accounts payable	561,547	-
Undistributed receipts		 258,379
Total liabilities	561,547	\$ 258,379
Net assets held in trust for pension benefits	\$ 482,752,046	

City of Lansing Statement of Changes in Fiduciary Net Assets Pension Trust Funds For the Year Ended June 30, 2006

Additions	
Investment income:	
Net appreciation in fair value	
of investments	\$ 18,614,998
Interest income	15,007,299
Dividend income	3,045,215
Less investment expenses	(1,208,550)
Net investment income	35,458,962
Contributions:	
Employer	11,528,485
Plan members	4,546,438
Total contributions	16,074,923
Total additions	51,533,885
Deductions	
Participant benefits	35,514,249
Administrative expense	194,444
Total deductions	35,708,693
Net additions to net assets held in trust	15,825,192
Net assets held in trust for pension benefits:	
Beginning of year	466,926,854
End of year	\$ 482,752,046

COMPONENT UNITS FINANCIAL STATEMENTS

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 three discretely presented component units:

Brownfield Redevelopment Authority
Tax Increment Financing Authority
Lansing Entertainment and Public Facilities Authority

Complete financial statements for each of the individual component units may be obtained from the entity's administrative offices.

City of Lansing
Combining Statement of Net Assets
Component Units
June 30, 2006

	Rede	ownfield evelopment uthority		Tax ncrement Finance Authority	Ent	Lansing ertainment & Public Facilities Authority		Totals
Assets								
Cash and cash equivalents	\$	330,483	\$	274,322	\$	597,185	\$	1,201,990
Receivables, net		21,000		29,135		513,999		564,134
Inventories, prepaids and other assets		71,328		44,375		113,803		229,506
Restricted assets:								
Cash and cash equivalents		-		-		360,961		360,961
Capital assets being depreciated, net						140,100		140,100
Total assets		422,811		347,832		1,726,048		2,496,691
Liabilities								
Accounts payable and accrued liabilities		29,931		10,700		671,929		712,560
Accrued interest payable		34,858		8,733,361		-		8,768,219
Unearned revenues		-		-		667,249		667,249
Long-term liabilities:								
Due within one year		-		2,372,519		18,329		2,390,848
Due in more than one year		2,225,000		30,407,176		67,279		32,699,455
Total liabilities		2,289,789		41,523,756		1,424,786		45,238,331
Net assets								
Invested in capital assets, net of								
related debt		-		-		54,492		54,492
Unrestricted (deficit)		(1,866,978)	(4	41,175,924)		246,770	((42,796,132)
Total net assets (deficit)	\$	(1,866,978)	\$(4	41,175,924)	\$	301,262	\$ ((42,741,640)

City of Lansing
Combining Statement of Activities
Component Units
For the Year Ended June 30, 2006

	Brownfield Redevelopment Authority	edevelopment Finance		Totals
Expenses Brownfield redevelopment	\$ 520,818	\$ -	\$ -	\$ 520,818
Community development Recreation and culture		3,716,189	5,603,087	3,716,189 5,603,087
Total expenses	520,818	3,716,189	5,603,087	9,840,094
Program revenues Charges for services	2,500		4,781,436	4,783,936
Operating grants and contributions	53,996	<u>-</u>	866,012	920,008
Total program revenues	56,496		5,647,448	5,703,944
Net program expense	(464,322)	(3,716,189)	44,361	(4,136,150)
General revenues				
Property taxes Unrestricted investment earnings	390,125 15,912	4,980,319 80,192	7,884	5,370,444 103,988
Total general revenues	406,037	5,060,511	7,884	5,474,432
Change in net assets	(58,285)	1,344,322	52,245	1,338,282
Net assets (deficit), beginning of year	(1,808,693)	(42,520,246)	249,017	(44,079,922)
Net assets (deficit), end of year	\$ (1,866,978)	\$ (41,175,924)	\$ 301,262	\$(42,741,640)

NOTES to the FINANCIAL STATEMENTS

City of Lansing, Michigan

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Notes to the Financial Statements

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Notes To Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting Entity

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:

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.

- (1) **Blended Component Units:** 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:
 - (a) **Building Authority (the "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 and Golf enterprise funds, and the 1998 Building Authority Debt Service Fund.
- (2) **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 three discretely presented component units, the Brownfield Redevelopment Authority, the Tax Increment Financing Authority and the Lansing Entertainment and Public Facilities Authority, each with a fiscal June 30 year-end. The discretely presented component units are as follows:

Notes To Financial Statements

(a) **Brownfield Redevelopment Authority:** The Authority 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 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 Authority 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.

Tax increment financing permits the Authority 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 Authority include collections of property tax revenues on project areas for the Rite Aid Pharmacy and the former Motor Wheel Site Plant.

- (b) Tax Increment Finance Authority ("TIFA"): The TIFA was established by the City under the authority contained in Act 450, Michigan Public Acts of 1981. The Act 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. The Act 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.
- (c) Lansing Entertainment and Public Facilities Authority ("LEPFA"): LEPFA was established under the charter of the City of Lansing in February 1996, replacing the former Greater Lansing Convention/Exhibition Authority, which had been responsible for operating and managing the Lansing Center and the Lansing Civic Arena (the latter through the fiscal year ended June 30, 1995). LEPFA was established to oversee the management and operations of the Lansing Center, the City Market and the Oldsmobile Park stadium.

The Authority 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 the Authority, all assets and rights of the Authority shall revert to the City. The Authority's Board of Commissioners consists of thirteen members appointed by the Mayor of the City of Lansing and approved by the City Council.

Notes To Financial Statements

Component Unit Financial Statements: Complete financial statements for each of the individual component units may be obtained from the entity's administrative offices.

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

Brownfield Redevelopment Authority 401 S. Washington Square, Suite 100 Lansing, Michigan 48933

Tax Increment Finance Authority 401 S. Washington Square, Suite 100 Lansing, Michigan 48933

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

1-B. Basis of Presentation

Government-wide Financial Statements. The statements of net assets and activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the City's governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Notes To Financial Statements

The City reports the following major governmental funds:

General fund. This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fund types:

Special revenue funds. These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including major capital projects.

Debt service funds. These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Capital projects funds. These funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

Permanent funds. These 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. These 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. These 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, and health care self-insurance services.

Pension Trust Funds – These 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 retirement distributions.

Agency Funds – These funds account for resources held in a trustee or agent capacity for the 54-A District Court.

Notes To Financial Statements

1-C. Measurement Focus / Basis of Accounting

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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.

Governmental Fund Financial Statements. 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. 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. Property taxes, income taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues, subject to satisfying any grant program matching provisions.

Notes To Financial Statements

All governmental and business-type activities and enterprise funds of the City follow private-sector standards of accounting and financial reported issued prior to December 1, 1989, unless those standards conflict with guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

1-D. Assets, Liabilities and Equity

Deposits and Investments

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 assets/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 government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Investments are stated 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. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

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

Receivables and Payables

All trade and delinquent property tax receivables are shown net of an allowance for uncollectibles, as applicable.

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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either *interfund receivables/payables* (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 and business-type activities are reported in the government-wide financial statements as *internal balances*.

Notes To Financial Statements

Inventories, Prepaid Items and Other Assets

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.

Capital Assets

Capital assets, which include property, plant, equipment, 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 that are used for governmental activities are only reported in the government-wide statements. Infrastructure ("public domain") assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are capitalized. With this measurement focus, all assets and liabilities (whether current or noncurrent) associated with the operations of these funds are included on the government-wide statement of net assets.

All land and non-depreciable land improvements are capitalized, regardless of cost. Equipment and vehicles are capitalized when the cost of individual items exceed \$5,000. The road and sewer networks are all capitalized regardless of cost. Buildings are capitalized over \$100,000, and the recreational facilities' thresholds range from \$25,000 to \$50,000.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Improvements	8-50
Equipment	3-15
Sanitary sewers	50
Infrastructure	10-75

Compensated Absences

It is the government's policy to permit 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 percent 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.

Notes To Financial Statements

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 type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund balance designations represent tentative management plans that are subject to change.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. 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. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing on the proposed use of funds is held by the Mayor, and a public hearing on the annual appropriations as proposed by the City Council is held no later than one week prior to adoption of the annual appropriation measure.
- Not later than the third Monday in May, the Council adopts a budget for the ensuing fiscal year, makes an appropriation of the money needed therefore, and sets the property tax rate necessary to support the appropriations measure.

Notes To Financial Statements

- 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. The legal level of budgetary control is the mandatory expenditure accounts level. The mandatory accounts are personal services, supplies and operating expense, capital outlay, debt service, transfers and contingency. Transfers of appropriations between the mandatory accounts require the approval of the City Council. However, the Mayor may authorize budget transfers between mandatory accounts in a department, but the additional amount may not exceed fifteen (15%) of the Council's appropriation being added to, or five thousand dollars (\$5,000), whichever is less. Budget-to-actual schedules that demonstrate compliance at the legal level of budgetary control are not included herein as it would be impractical due to the high level of detail that would be needed. Such schedules are included in the City's separately issued Budget Report. Copies of the report may be obtained from the Finance Department, 124 West Michigan Avenue, Lansing, Michigan 48933.
- The City formally adopts operating budgets for the General Fund and all Special Revenue Funds.
- Budgetary integration is employed as a management control device during the year for all budgeted funds. Except for the General Fund, these budgets are adopted on a basis consistent with generally accepted accounting principles ("GAAP"). In the General Fund, capital lease payments / installment payments are budgeted, but capital lease acquisitions are not.
- Appropriations lapse at year-end for all annual budgets. Appropriations are automatically carried forward for project-type budgets.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

2-B. Excess of Expenditures Over Appropriations

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the City were adopted on a departmental activity basis level.

Expenditures in the general administration function of the General Fund exceeded the approved budget by \$78,400. In addition, expenditures in the public safety function of the Drug Law Enforcement special revenue fund exceeded the approved budget by \$339,671.

2-C. Deficit Fund Balance/Net Assets

The Special Assessments capital projects funds has a deficit fund balance of \$333,913. This deficit is the result of a long-term advance from the general fund that was used to provide the working capital for the fund in prior years. As special assessments are collected, this deficit will be eliminated, and the advance repaid.

Notes To Financial Statements

The Golf Enterprise Fund has a deficit in its unrestricted net assets of \$430,136. Total net assets amount to \$2,071,597. The Garbage and Rubbish Collection Enterprise Fund has a deficit net assets balance of \$90,769.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

3-A. Deposits and Investments

Following is a reconciliation of deposit and investment balances (including both pooled cash and investments as well as pension trust fund balances; see Note 3-B) as of June 30, 2006:

Statement of Net Assets		
Cash and investments	\$	64,363,193
Restricted cash and investments		36,788,644
Statement of Fiduciary Net Assets		
Pension trust funds:		
Cash and cash equivalents		10,948,913
Investments		468,534,040
Agency fund:		
Cash and cash equivalents		118,697
Equity in pooled cash		139,682
Total	<u>\$</u>	<u>580,893,169</u>
Total Deposits and Investments:	<u>\$</u>	<u>580,893,169</u>
	<u>\$</u>	580,893,169
Deposits and Investments:	<u>\$</u>	580,893,169 523,673
Deposits and Investments: Bank deposits:	\$ \$	
Deposits and Investments: Bank deposits: Checking/savings accounts	\$ \$	523,673
Deposits and Investments: Bank deposits: Checking/savings accounts Certificates of deposit (due within one year)	<u>\$</u> \$	523,673
Deposits and Investments: Bank deposits: Checking/savings accounts Certificates of deposit (due within one year) Investments in securities and mutual funds:	<u>\$</u> \$	523,673 45,003,125
Deposits and Investments: Bank deposits: Checking/savings accounts Certificates of deposit (due within one year) Investments in securities and mutual funds: Pooled investments	\$	523,673 45,003,125 55,683,030

The City chooses to disclose its pooled investments by specifically identifying each. As of year end, the City had the following pooled investments.

	Carrying Amount (Fair <u>Value</u>)	Credit Rating
Mutual and cash management funds (uncategorized as to risk)	<u>\$ 55,683,030</u>	-n/a-

Notes To Financial Statements

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.

Credit Risk. State law limits investments to specific government securities, certificates of deposits 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, have been identified above for the City's investments.

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, \$45,884,378 of the City's bank balance of \$47,009,030 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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.

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.

Concentration of Credit Risk. 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.

3-B. Deposits, Investments and Securities Lending – Pension Trust Funds

The deposits and investments of the City's pension 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 deposits and investments are presented separately.

Notes To Financial Statements

<u>Deposits</u> - The pension trust funds do not maintain any checking or other demand/time deposit accounts. Amounts reported as cash and cash equivalents in the statement of plan net assets are composed entirely of short-term investments in money market accounts.

<u>Investments</u> - 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 investments as of June 30, 2006:

	Employees' Retirement System	Police and Fire Retirement System	Employees' Money Purchase Pension Plan	Retiree Health Care VEBA	Totals
Investments at fair value, as determined					
by quoted market price:					
U.S. treasuries:					
Not on securities loan	\$ 3,644,608	\$ 4,118,700	\$ -	\$ -	\$ 7,763,308
On securities loan	6,887,284	9,792,388	-	-	16,679,672
U.S. agencies:					
Not on securities loan	24,837,429	32,914,964	-	-	57,752,393
On securities loan	1,848,722	746,542	-	-	2,595,264
Domestic corporate securities:					
Not on securities loan	-	1,258,867	-	-	1,258,867
Collateralized mortgage obligations	137,561	192,580	-	-	330,141
Domestic equities:					
Not on securities loan	9,163,034	16,819,790	-	-	25,982,824
On securities loan	6,993,123	10,722,659	_	-	17,715,782
International equities:					
Not on securities loan	240,070	375,056	-	-	615,126
On securities loan	222,854	328,773	-	-	551,627
Real estate investment funds	10,356,539	14,376,438	-	-	24,732,977
International equity mutual funds	63,433,698	91,612,000	-	-	155,045,698
Domestic equity mutual funds	36,403,029	42,850,413	2,784,932	1,824,680	83,863,054
Domestic securities mutual funds	29,091,018	42,759,794	-	1,796,495	73,647,307
Money market funds	5,840,279	5,108,634			10,948,913
Total investments	\$ 199,099,248	\$ 273,977,598	\$ 2,784,932	\$ 3,621,175	\$ 479,482,953

Notes To Financial Statements

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 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	\$ 3,577,908	\$ 4,140,507	\$ -	\$ -	\$ 7,718,415
Not rated	52,572,855	74,037,118	-	1,796,495	128,406,468
Assets not subject	ct				
to credit risk	142,948,486	195,799,972	2,784,932	1,824,680	343,358,070
	\$ 199,099,248	\$ 273,977,598	\$ 2,784,932	\$ 3,621,175	\$ 479,482,953

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 are not subject to custodial credit risk.

Notes To Financial Statements

Concentration of Credit Risk. At June 30, 2006, the pension investment portfolio was concentrated as follows:

			Employees' Retirement	Police and Fire Retirement
Investment Type	Is	suer	System	System
U.S. Agencies	FHLMC		6.1%	5.2%
U.S. Agencies	FNMA		6.8%	6.4%

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

Interest Rate Risk. As of June 30, 2006, maturities of the City's pension debt securities were as follows:

	Investment Maturities (Fair Value)								
		Less than	R	etirement		Pension	More than		
		1 year	1	- 5 years	6	5 - 10 years	10 years		Total
Employees' Retirement System:									
U.S. treasuries	\$	1,557,162	\$	120,153	\$	3,100,401	\$ 5,754,176	\$	10,531,892
U.S. agencies		20,931		2,304,401		12,935,454	11,425,365		26,686,151
Collateralized mortgage obligations				_			137,561		137,561
	\$	1,578,093	\$	2,424,554	\$	16,035,855	\$ 17,317,102	\$	37,355,604
Police and Fire Retirement System:									
U.S. treasuries	\$	1,522,641	\$	-	\$	5,640,132	\$ 6,748,315	\$	13,911,088
U.S. agencies		39,761		3,365,056		16,861,305	13,395,384		33,661,506
Domestic corporate securities		-		1,116,791		142,076	-		1,258,867
Collateralized mortgage obligations							 192,580		192,580
	\$	1,562,402	\$	4,481,847	\$	22,643,513	\$ 20,336,279	\$	49,024,041

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 $\pm -20\%$.

Notes To Financial Statements

Securities Lending. Under contracts approved by the City, the pension 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 funds' custodial banks manage the securities lending programs and receive cash as collateral. The collateral securities cannot be pledged or sold by the City unless the borrower defaults. Collateral cash is initially pledged at 100 percent of the fair value of the securities lent, and may not fall below 95 percent 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 amounts the City owes the borrowers exceed the amounts the borrowers owe the City. The contract with the pension 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.

3-C. Receivables

Receivables are comprised of the following:

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>
Accounts receivable, net Taxes receivable Special assessments receivable Loans receivable Accrued interest receivable Due from other governments Lease receivable	\$ 10,083,696 4,084,933 1,162,420 1,410,149 1,594,910 10,581,217	\$ 3,785,592 - - 451,216 - 25,861,563 \$ 30.098.371
Amount not expected to be collected within one year	\$ 3,852,683	\$ 23,531,872

Notes To Financial Statements

3-D. Capital Assets

Capital assets activity for the year ended June 30, 2006, was as follows:

Primary government

	Beginning			Ending
	Balance Increases		Decreases	Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 24,653,668	\$ 16,400	\$ (80,000)	\$ 24,590,068
Construction in progress	6,060,816	6,946,561	(3,466,565)	9,540,812
Total capital assets not being depreciated	30,714,484	6,962,961	(3,546,565)	34,130,880
Capital assets, being depreciated:				
Land improvements	8,187,651	634,481	-	8,822,132
Equipment and vehicles	34,334,620	3,522,788	(697,085)	37,160,323
Buildings	88,057,663	813,070	-	88,870,733
Infrastructure	321,551,387	1,753,520	(7,472,662)	315,832,245
Total capital assets being depreciated	452,131,321	6,723,859	(8,169,747)	450,685,433
Less accumulated depreciation for:				
Land improvements	(3,905,296)	(433,065)	-	(4,338,361)
Equipment and vehicles	(28,494,818)	(2,118,630)	697,085	(29,916,363)
Buildings	(39,123,416)	(2,685,945)	_	(41,809,361)
Infrastructure	(188,976,961)	(8,965,971)	5,479,952	(192,462,980)
Total accumulated depreciation	(260,500,491)	(14,203,611)	6,177,037	(268,527,065)
Total capital assets, being depreciated, net	191,630,830	(7,479,752)	1,992,710	182,158,368
Governmental activities capital assets, net	\$ 222,345,314	\$ (516,791)	\$ 1,553,855	\$ 216,289,248

Notes To Financial Statements

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 22,625,416	\$ 218,409	\$ (8,954,283)	\$ 13,889,542
Construction in progress	58,275,709	21,126,746	(14,300,854)	65,101,601
Total capital assets not being depreciated	80,901,125	21,345,155	(23,255,137)	78,991,143
Capital assets, being depreciated:				
Land improvements	23,683,844	998,399	(3,220,406)	21,461,837
Equipment and vehicles	5,269,324	127,848	(29,669)	5,367,503
Buildings	192,821,951	1,085,499	-	193,907,450
Sewers	165,834,553	12,657,651	-	178,492,204
Total capital assets being depreciated	387,609,672	14,869,397	(3,250,075)	399,228,994
Less accumulated depreciation for:				
Land improvements	(9,426,921)	(552,642)	1,819,847	(8,159,716)
Equipment and vehicles	(4,020,337)	(367,648)	29,669	(4,358,316)
Buildings	(81,408,805)	(5,100,045)	-	(86,508,850)
Sewers	(33,326,772)	(3,325,845)		(36,652,617)
Total accumulated depreciation	(128,182,835)	(9,346,180)	1,849,516	(135,679,499)
Total capital assets, being depreciated, net	259,426,837	5,523,217	(1,400,559)	263,549,495
Business-type activities capital assets, net	\$ 340,327,962	\$ 26,868,372	\$ (24,655,696)	\$ 342,540,638

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	\$	669,250
Public safety		1,039,736
Public works		8,990,396
Recreation		1,347,911
Community development		1,301,432
Internal service		854,886
Total depreciation expense - governmental activities	\$	14,203,611
Total depreciation expense - governmental activities	Ψ	14,203,011
Business-type activities:		
Sewage disposal system	\$	6,106,404
Potter Park Zoo		380,048
Golf		116,844
Municipal parking system		2,692,446
Other		50,438
Total depreciation expense - business-type activities	\$	9,346,180

Notes To Financial Statements

3-E. Payables

Accounts payable and accrued liabilities are comprised of the following:

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>
Accounts payable	\$ 7,773,873	\$ 2,986,288
Deposits payable	336,768	34,755
Accrued payroll	1,957,454	375,454
Contract retainage payable	2,041,032	-
Indemnity bonds	14,774	-
Due to other governments	1,262,802	125,089
Other	976,328	
	\$ 14,363,031	\$ 3,521,586

3-F. Interfund Receivables, Payables and Transfers

At June 30, 2006, amounts due to/due from other funds were as follows:

			Due Fro	om			
			Nonmajor		Sewage	Municipal	
	General	G	overnmental		Disposal	Parking	
	 Fund		Funds		System	System	Total
Due to:							
General Fund	\$ -	\$	244,337	\$	3,856,523	\$ 475	\$ 4,101,335
Nonmajor governmental funds	-		46,052		-	-	46,052
Sewage Disposal System	4,394,218		-		-	-	4,394,218
Internal service funds	 10,000		_		-	-	10,000
	\$ 4,404,218	\$	290,389	\$	3,856,523	\$ 475	\$ 8,551,605

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

Notes To Financial Statements

At June 30, 2006, advances to/due from other funds were as follows:

	Advances To Other Funds		 vances From ther Funds
General Fund Municipal Parking System Nonmajor governmental funds	\$	601,263 - 192,439	\$ 192,439 601,263
	\$	793,702	\$ 793,702

In addition, at June 30, 2006, the following interfund receivables/payables were reported for funds with negative equity in pooled cash and investments:

	Interfund Receivable	Interfund Payable
General Fund Nonmajor governmental funds Nonmajor enterprise funds	\$ - 5,728,059 -	\$ 883,765 5,696,024 426,579
Internal service funds	1,278,309 \$ 7,006,368	\$ 7,006,368

For the year then ended, interfund transfers consisted of the following:

	Transfer To								
			I	Nonmajor		Sewage		Nonmajor	
		General	Go	overnmental		Disposal		Enterprise	
		Fund		Funds		System		Funds	Total
Transfer From									
General Fund	\$	-	\$	4,679,279	\$	500,000	\$	2,579,228	\$ 7,758,507
Nonmajor governmental funds		1,781,511		1,390,948		-		372,497	3,544,956
Sewage Disposal System		300,000		-		-		-	300,000
Nonmajor enterprise funds		-		19,260		-		-	19,260
									_
	\$	2,081,511	\$	6,089,487	\$	500,000	\$	2,951,725	\$ 11,622,723

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Notes To Financial Statements

3-G. Long-term Debt

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:

	Interest Rate	Original Amount	Amount
General obligation bonds			
Governmental activities			
1996 Unlimited Tax Refunding Bond	5.00%	\$ 10,800,000	\$ 4,215,000
1998 Building Authority Limited Tax Bond	4.50%	2,175,000	100,000
1999 Fire Station Unlimited Tax Bond	5.00%-5.70%	3,000,000	2,390,000
2001 Fire Station Unlimited Tax Bond	4.00%-5.00%	4,000,000	3,470,000
2006 Lansing Center Limited Tax Bonds	3.50%-4.30%	4,000,000	4,000,000
2006 Michigan Transportation Fund Limited Tax Bonds	3.50%-3.60%	1,600,000	1,600,000
2005 Building Authority Refunding Bonds	3.50%-5.00%	 1,470,000	1,470,000
		\$ 27,045,000	\$ 17,245,000
Business-type activities			
1986 Building Authority Municipal Parking System Limited Tax Bond	2.50%	\$ 800,000	\$ -
1990 Building Authority Municipal Parking System Limited Tax Bond	0.00%	64,635,000	37,265,000
1995 Building Authority Municipal Parking System Limited Tax Bond	5.00%	25,100,000	-
2003 Building Authority A Municipal Parking System Limited Tax Bond	6.63%	10,340,000	10,185,000
2003 Building Authority B Municipal Parking System Taxable Bond	2.50%	8,660,000	8,430,000
2005 Building Authority Refunding Bonds	3.50-5.00%	15,975,000	15,170,000
1996 Building Authority Golf Course Limited Tax Bond	2.50%	1,300,000	895,000
1992 Limited Tax Sewer Bond - 5005-01	2.50%	7,128,800	3,185,000
1993 Limited Tax Sewer Bond - 5005-02	2.50%	8,150,050	3,925,000
1994 Limited Tax Sewer Bond - 5005-03	2.50%	3,234,722	1,705,000
1994 Limited Tax Sewer Bond - 5005-04	2.00%	3,727,138	1,852,138
1994 Limited Tax Sewer Bond - 5005-05	2.25%	515,969	230,000
1994 Limited Tax Sewer Bond - 5005-06	2.25%	7,595,611	3,845,000
1996 Limited Tax Sewer Bond - 5005-07	2.25%	3,365,073	2,010,073
1996 Limited Tax Sewer Bond - 5005-08	2.25%	3,995,000	2,610,000
1997 Limited Tax Sewer Bond - 5005-09	2.25%	4,746,780	3,241,780
1998 Limited Tax Sewer Bond - 5005-10	2.25%	10,539,950	7,724,950
1999 Limited Tax Sewer Bond - 5005-11	2.50%	10,120,000	7,595,000
2000 Limited Tax Sewer Bond - 5005-12	2.50%	9,447,830	7,427,830
2001 Limited Tax Sewer Bond - 5005-13	2.50%	10,573,046	8,808,046
2002 Limited Tax Sewer Bond - 5005-14	2.50%	13,416,816	12,341,816
2003 Limited Tax Sewer Bond - 5005-15	2.50%	10,259,826	9,854,826
2004 Limited Tax Sewer Bond - 5005-16	2.13%	3,070,277	3,070,277
2005 Limited Tax Sewer Bond - 5005-17	2.13%	4,739,023	8,066,646
2005 Limited Tax Sewer Bond - 5005-18	1.63%	7,958,871	7,958,871
2006 Limited Tax Sewer Bond - 5005-19	1.63%	 1,426,751	1,426,751
		\$ 250,821,533	\$ 168,824,004

Notes To Financial Statements

During the year ended June 30, 2006, the Building Authority issued \$17,445,000 of general obligation bonds to provide resources to refund \$1,490,000 of the 1998 Building Authority Limited Tax Bonds and \$15,930,000 of the 1995 Building Authority Municipal Parking System Limited Tax Bonds. The proceeds of the refunding were placed in an irrevocable trust to make future debt payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The refunding was undertaken to reduce future debt service payments by \$269,555 and resulted in an economic gain of \$1,108,606.

At year end, defeased bonds outstanding consisted of \$1,490,000 of the 1998 Building Authority Limited Tax Bonds, which are scheduled to be paid by the escrow agent on June 1, 2007.

Special assessment bonds. The City also issues bonds to finance certain public improvements that benefit specific districts. These districts are special assessed, at least in part, for the cost of the improvements. Under Michigan law, the City is secondarily liable for repayment of these bonds. Special assessment bonds outstanding at year-end are as follows:

	Interest	(Original		
	Rate	A	Amount	A	Mount
Special assessment bonds					
Governmental activities					
1990 Limited Tax Special Assessment Bond	5.00%	\$	800,000	\$	25,000

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:

	Interest	Original	
	Rate	Amount	Amount
Revenue bonds			
Business-type activities			
1994 Sewage Disposal System Revenue Bond	5.30%	\$ 3,125,000	\$ -
1998 Sewer Revenue & Refunding Bond	2.50%	26,415,000	9,380,000
2003 Sewer Revenue & Refunding Bond	2.50%	39,880,000	38,525,000
		\$ 69,420,000	\$ 47,905,000

Notes To Financial Statements

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

	Interest	Original	
	Rate	Amount	Amount
Installment purchase agreements			
Governmental activities			
2002 Lease Purchase Agreement - Computer Software	3.20%	\$ 1,500,000	\$ 630,000
2004 Lease Purchase Agreement - Computer System	3.83%	209,873	43,181
2004 Lease Purchase Agreement - Roof and Fire Suppression	2.77%	570,000	439,038
1999 Lease Purchase Agreement - Stadium	5.20%-6.05%	11,000,000	3,920,000
2005 Lease Purchase Agreement - LEPFA Extractor and Wall	4.51%	392,046	323,923
2005 Lease Purchase Agreement - LEPFA Carpet	4.51%	126,418	116,261
2005 Lease Purchase Agreement - Income Tax Software	3.76%	430,000	390,530
2005 Lease Purchase Agreement - LEPFA Equipment	4.24%	81,500	78,194
2001 Lease Purchase Agreement - O&M Facility	5.35%	1,925,000	1,410,000
		\$ 16,234,837	\$ 7,351,126

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:

	Interest Rate	Original Amount		Amount
Loans payable Governmental activities	Kate		Amount	Amount
2001 Michigan Department of Transportation Loan	4.00%	\$	649,843	\$ 140,864
2004 Michigan Department of Transportation Loan	3.00%		1,266,000	1,268,980
		\$	1,915,843	\$ 1,409,844
Business-type activities 2003 MEDC Loan	4.00%	\$	4,180,000	\$ 4,180,000

Notes To Financial Statements

Debt service requirements to maturity for all installment debt of the City are as follows:

Year Ended	Covo	rnmental Acti	ritios		Duci	iness-Type Acti	:4:	og.
June 30	Principal	Interest	Total		Principal	Interest	VILIO	Total
2007	\$ 3.990,909	\$ 1,209,662	\$ 5,200,571	\$	15.049.472	\$ 5.994.919	\$	21,044,391
2008	4,170,973	1,006,804	5,177,777	Ψ	14,581,239	5,844,086	Ψ	20,425,325
2009	4,038,667	816,098	4,854,765		15,584,280	5,547,089		21,131,369
2010	2,516,766	618,630	3,135,396		15,624,203	5,243,224		20,867,426
2011	1,667,743	498,697	2,166,440		15,310,758	4,886,832		20,197,590
2012-2016	6,000,913	1,628,520	7,629,432		71,090,687	18,961,153		90,051,840
2017-2021	3,310,000	444,588	3,754,588		42,758,936	10,970,923		53,729,859
2022-2026	335,000	14,405	349,405		21,812,879	4,690,601		26,503,481
2027-2031	-	-	-		8,038,482	1,010,113		9,048,595
2032-2036	-	-	=		1,058,068	139,290		1,197,358
2036	_	_	_		_	_		_
	\$ 26,030,970	\$ 6,237,403	\$ 32,268,373	\$	220,909,004	\$ 63,288,229	\$	282,999,876

Notes To Financial Statements

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2006, was as follows:

	Beginning Balance Additions Reductions		Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds	\$ 13,320,000	\$ 7,070,000	\$ 3,145,000	\$ 17,245,000	\$ 2,195,000
Special assessment bonds	35,000	-	10,000	25,000	15,000
Installment purchase agreements	8,396,154	511,500	1,556,528	7,351,126	1,643,114
Loans payable	1,543,195	<u> </u>	133,351	1,409,844	137,794
Subtotal	23,294,349	7,581,500	4,844,879	26,030,970	3,990,909
Compensated absences	11,026,167	7,792,972	8,469,867	10,349,272	8,723,963
Accrued workers compensation	3,619,376	2,722,794	1,343,916	4,998,254	1,955,102
Accrued general liability claims	400,000	-	-	400,000	-
Add (deduct) deferred amounts:					
For issuance discounts	-	(42,400)	-	(42,400)	-
For issuance premiums	-	52,982	-	52,982	-
On refunding		(14,575)		(14,575)	
	\$ 38,339,892	\$ 18,093,273	\$ 14,658,662	\$ 41,774,503	\$ 14,669,974
Business-type activities					
General obligation bonds	\$ 165,029,785	\$ 30,049,219	\$ 26,255,000	\$ 168,824,004	\$ 10,860,000
Revenue bonds	51,710,000	-	3,805,000	47,905,000	3,950,000
Loans payable	4,180,000			4,180,000	239,472
Subtotal	220,919,785	30,049,219	30,060,000	220,909,004	15,049,472
Compensated absences	1,211,730	733,724	792,859	1,152,595	816,645
Add (deduct) deferred amounts:					
For issuance discounts	(13,263,627)	(377,032)	(3,077,961)	(10,562,698)	-
For issuance premiums	969,805	-	43,102	926,703	-
On refunding	(2,597,762)	(570,925)	(275,169)	(2,893,518)	
	\$ 207,239,931	\$ 29,834,986	\$ 27,542,831	\$ 209,532,086	\$ 15,866,117

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

3-H. 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.

3-I. Endowments

For the year ended June 30, 2006, the net appreciation on investments available for of restricted endowments was \$51,603. Under the terms of the endowments, and consistent with State statutes, the City is authorized to spend the net appreciation for the benefit of the cemetery and parks. The expendable portion of earnings has been transferred to other funds. The remaining non-expendable portion of the endowment is reported in restricted net assets.

Notes To Financial Statements

NOTE 4 – OTHER INFORMATION

4-A. Risk Management

The City of Lansing is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries.

The City carries commercial insurance for claims relating to general liability, property, electronic data processing, boiler and machinery, police professional and errors and omissions. The City has not experienced settlements in excess of insurance coverage during the past three years.

The City is uninsured for acts of nature and environmental clean-up costs.

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. The current liability is accounted for in the General Fund, with long term liabilities accounted for in the Statement of Net Assets. The City has liability insurance coverage up to a maximum amount of \$16,000,000 per occurrence with a \$350,000 deductible. Changes in the estimated long-term liability as well as the total estimated cost of claims for the past two fiscal years were as follows:

	<u>Fiscal Year Ended June 30,</u>			<u> 1 June 30, </u>
		2006		2005
Estimated liability, beginning of year Estimated claims incurred, including changes in estimates Claims payments	\$	3,619,376 2,722,794 (1,343,916)	\$	3,548,408 1,987,735 (1,916,767)
Estimated liability, end of year	<u>\$</u>	4,998,254	\$	3,619,376

4-B. 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).

Notes To Financial Statements

The City is permitted by charter and state law to levy taxes up to \$19.198 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, 2006 was \$14.90 per \$1,000 of taxable value.

4-C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

4-D. Defined Benefit Pension Plans

Employees' Retirement System

The City sponsors and administers the Employees' Retirement System (the Plan), a single-employer, defined-benefit pension plan. It is accounted for as a separate pension trust fund. No stand-alone financial reports are issued. It covers general full-time employees of the City of Lansing 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 pension plan. The payroll for employees covered by the plan for the year ended December 31, 2005, was \$30,851,025; the City's total payroll was \$60,332,946. Administration of the plan is funded through the General Fund.

As of December 31, 2005, employee membership data was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	<u>821</u>
Active members: Vested Nonvested	278 <u>377</u>
	<u>655</u>

Notes To Financial Statements

Approximately 22.5% of the active membership may retire with a combination of age plus service equal to 65. All other 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. For all members, annual regular retirement allowances are determined by multiplying total credited service times 1.6% to 2.8% times final average compensation. Final average compensation is the member's highest wages for two consecutive years during the last 10 years. 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 have the option of deferring retirement benefits until age 58 or withdrawing their contribution, thereby forfeiting any future benefits.

Active members contribute between 1.7% and 7.25% of wages as determined by individual labor agreements. Chapter 292 of the City of Lansing's Code of Ordinances establishes benefit provisions and requires that 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 funding policy provides for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2006, was determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over an open period of 30 years.

Contributions are recognized when due pursuant to formal commitments, as well as statutory or contractual requirements. The fund is accounted for in essentially the same manner as the Proprietary Funds and uses the full accrual method of accounting.

Plan valuation assets are equal to the reported market value of assets except that only 20% of the difference between the mark-to-market rate of return and the 8% actuarial rate of return is recognized each year. This five year smoothing method reduces the fluctuation in the City's computed contribution rate which might otherwise be caused by market value fluctuations. The entry-age actuarial cost method is used to determine plan liabilities. Significant actuarial assumptions used in determining the entry-age actuarial accrued liability include (a) a rate of return on investments of 8% per year compounded annually (b) projected salary increases of 4% attributable to inflation and 0% to 4% per year depending on age attributable to seniority/merit (c) assumption that benefits generally will increase \$200 annually after age 60.

During the year ended June 30, 2006, total contributions of \$6,473,472 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 2005. The City contributed \$4,901,502 (14.36% of projected valuation payroll), excluding contributions for health insurance; employees contributed \$1,571,900 (4.6% of projected valuation payroll). The City's contribution consisted of (a) \$3,444,291 normal cost (10.09% of projected valuation payroll) and (b) \$1,457,211 amortization of the unfunded actuarial accrued liability (4.27% of projected valuation payroll).

Notes To Financial Statements

At December 31, 2005, the unfunded actuarial accrued liability was determined as follows:

Active participants (278 vested and 377 non-vested)	\$ 62,003,470
Retired participants and beneficiaries currently	
receiving benefits (774 recipients)	165,146,943
Vested terminated participants not yet receiving benefits (47)	2,033,598
Member benefit reserve	16,058,298
Total actuarial accrued liability	245,242,309
Actuarial value of assets (smoothed market value) *	207,880,985
Unfunded Actuarial accrued liability	\$ 37.361.324

^{*} Excluding reserve for health insurance

The City had initially contributed the annual required contributions ("ARC"), and thus, has never actually had, or had need to report, a net pension obligation ("NPO"), as required under GASB Statement No. 27.

Three-Year Trend Information

(amounts in thousands)

Years Ended June 30,	Annual Pension <u>Cost (APC)</u>	Percentage Contributed	Net Pens Obligat	
2004	\$ 3,466	100%	\$	_
2005	4,675	100		-
2006	4,900	100		-

Police and Fire Retirement System

The City sponsors and administers the Police and Fire Retirement System (the plan), a single-employer defined-benefit pension plan. It is accounted for as a separate pension trust fund. No stand-alone financial reports are issued. It covers all police officers and firefighters who are full-time employees of the City. The City's payroll for employees covered by the plan for the year ended December 31, 2005, was \$27,855,441, the City's total payroll was \$60,332,946. Administration of the plan is funded through the General Fund.

Notes To Financial Statements

As of December 31, 2005, employee membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving	
benefits and terminated employees entitled	
to benefits but not yet receiving them	<u>629</u>
Active members:	
Vested	237
Nonvested	<u>212</u>
	<u>449</u>

Members may retire at any age with 25 or more years of credited service, or age 55 with 10 or more years of credited service. Members are vested after completing 10 years of credited service. Members are required to retire at age 70. Annual retirement allowances are determined by multiplying final average compensation by 3.2% for the first 25 years of credited service. The maximum allowance is 80% of final average compensation. Final average compensation is the member's highest wages for 2 consecutive years.

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.

Fire members are required to contribute 7.58% of their annual wages to the plan. Police supervisors are required to contribute 9.52% and police non-supervisors, 8.50%. 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.

In addition to the payments under this plan, the City made payments from the General Fund to provide benefits for the beneficiaries of a prior pension plan. This prior plan was superseded by the present plan as of January 1, 1944. There were no payments made to beneficiaries under that plan.

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2006, was determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over an open period of 30 years.

Notes To Financial Statements

Plan valuation assets are equal to the reported market value of assets except that only 20% of the difference between the mark-to-market rate of return and the 8% actuarial rate of return is recognized each year. This five year smoothing method reduces the fluctuation in the City's computed contribution rate which might otherwise be caused by market value fluctuations. The entry-age actuarial cost method is used to determine plan liabilities. Significant actuarial assumptions used in determining the entry-age actuarial accrued liability include (a) a rate of return on investments of 8% per year compounded annually (b) projected salary increases of 4% attributable to inflation and .1 to 5.5% per year depending on age attributable to seniority/merit (c) assumption that benefits generally will increase \$525 annually after age 60.

During the year ended June 30, 2006, total contributions of \$6,837,961 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 2005. The City contributed \$4,658,703 (15.93% of projected valuation payroll), excluding contributions for health insurance; employees contributed \$2,179,258 (7.45% of projected valuation payroll). The City's contribution consisted of (a) \$4,424,745 normal cost (15.3% of projected valuation payroll) and (b) \$233,958 amortization of the unfunded actuarial accrued liability (0.80% of projected valuation payroll).

At December 31, 2005, the assets in excess of actuarial accrued liability were determined as follows:

Active participants (237 vested and 212 non-vested)	\$	93,295,783
Retired participants and beneficiaries currently		
receiving benefits (615 recipients)		195,300,672
Vested terminated participants not yet receiving benefits (14)		1,702,368
Total actuarial accrued liability		290,298,823
Actuarial value of assets (smoothed market value) *		273,421,235
Unfunded Actuarial accrued liability	<u>\$</u>	16,877,588

^{*} Excluding reserve for health insurance

The City had initially contributed the annual required contributions ("ARC"), and thus, has never actually had, or had a need to report, a net pension obligation ("NPO"), as required under GASB Statement No. 27.

Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the actuarial accrual liability.

Notes To Financial Statements

Three-Year Trend Information

(amounts in thousands)

Years Ended June 30,	Annual Pension <u>Cost (APC)</u>	Percentage Contributed	Net Per Obliga	
2004	\$ 3,287	100%	\$	-
2005	3,334	100		-
2006	4,659	100		-

Employees' Money Purchase Pension Plan

The City of Lansing sponsors and contributes to the Employees' Money Purchase Pension Plan, which is a single-employer defined - contribution pension plan. Administration of the plan is funded by the General Fund.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. As established by Chapter 292.30 of the City of Lansing's Code of Ordinances, this plan includes all elected officials hired subsequent to September 30, 1990. As of June 30, 2006, there were 10 active members in this plan. Contributions made by employees vest immediately, and contributions made by the City vest after three years of full-time employment. When employees terminate employment, they are entitled to their contributions and the City's contributions if vesting requirements are satisfied. Employees may contribute up to 8% of their wages in 1% increments. The City contributes an amount equal to 6.0% of the employees' wages for retirement benefits.

During the year, the City's required and actual contributions amounted to \$18,280, which was approximately 6% of covered payroll for members of this plan. The total payroll for the City for fiscal year ended June 30, 2006, was \$60,332,946. There were no employee contributions. The payroll for employees in the money purchase pension plan for fiscal year ended June 30, 2006 was \$304,653.

No pension provision changes occurred during the year that affected the required contributions to be made by the City. In addition, the plan does not issue stand-alone financial statements.

Notes To Financial Statements

Voluntary Employees Beneficiary Association (VEBA). The City of Lansing Voluntary Employees Beneficiary Association (VEBA; the "Plan") is a single-employer defined benefit post employment 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. Plan provisions are established and may be amended by the City Council, subject to the City's various collective bargaining agreements. 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.

Subject to certain age and length of service requirements, eligible participants receive the same or comparable medical insurance coverage under the Plan as was in effect at the time of their employment. At such time that participants become Medicare eligible, the benefits under the Plan change to Medicare Supplemental coverage.

Employer contributions to fund the Plan are currently on a pay-as-you-go basis with additional contributions intended to build the fund for purposes of paying future benefits. Employer contributions for the year ended June 30, 2006 were \$1,000,000. Employees are not required to contribute to the Plan, and no employee contributions were directed to the VEBA in 2006.

During 2006, no members received healthcare benefits under the Plan.

Notes To Financial Statements

Financial statements for individual pension plans

Pension Net Assets

	Employees' Retirement System	Police and Fire Retirement System	Employees' Money Purchase Pension Plan	Retiree Health Care VEBA	Totals
Assets					
Cash and cash equivalents Investments:	\$ 5,840,279	\$ 5,108,634	\$ -	\$ -	\$ 10,948,913
U. S. Government obligations	37,355,604	47,765,174	-	-	85,120,778
Corporate bonds	-	1,258,867	-	-	1,258,867
Common stocks	16,619,081	28,246,278	-	-	44,865,359
Mutual funds	139,284,284	191,598,645	2,784,932	3,621,175	337,289,036
Contribution receivable	200 522	3,168,310	4,250	10.621	3,172,560
Dividends and interest receivable	288,532	356,669	2,258	10,621	658,080
Total assets	199,387,780	277,502,577	2,791,440	3,631,796	483,313,593
Liabilities					
Accounts payable	418,153	143,394	-		561,547
Net assets held in trust for					
pension benefits	\$ 198,969,627	\$ 277,359,183	\$ 2,791,440	\$ 3,631,796	\$ 482,752,046
	Changes i	n Pension Net Ass	sets		
Additions Investment income:					
Net appreciation in fair value	¢ 0.220.057	¢ 10.246.976	ф	¢ (50.025)	¢ 10.714.000
of investments Interest income	\$ 8,328,057 6,645,091	\$ 10,346,876 8,135,185	\$ - 223,472	\$ (59,935) 3,551	\$ 18,614,998 15,007,299
Dividend income	131,682	2,699,449	223,472	214,084	3,045,215
Less investment expenses	(505,462)	(700,036)	(3,052)	214,064	(1,208,550)
Net investment income	14,599,368	20,481,474	220,420	157,700	35,458,962
	,,-				
Contributions:					
Employer	5,501,502	5,008,703	18,280	1,000,000	11,528,485
Plan members	1,864,428	2,682,010		-	4,546,438
Total contributions	7,365,930	7,690,713	18,280	1,000,000	16,074,923
Total additions	21,965,298	28,172,187	238,700	1,157,700	51,533,885
Deductions					
Participant benefits	16,100,969	19,142,941	270,339	-	35,514,249
Administrative expense	97,745	96,699			194,444
Total deductions	16,198,714	19,239,640	270,339		35,708,693
Net additions (deductions) to					
net assets held in trust	5,766,584	8,932,547	(31,639)	1,157,700	15,825,192
Net assets held in trust for pension benefits: Beginning of year	193,203,043	268,426,636	2,823,079	2,474,096	466,926,854
End of year	\$ 198,969,627	\$ 277,359,183	\$ 2,791,440	\$ 3,631,796	\$ 482,752,046

Notes To Financial Statements

4-E. Postemployment Benefits

Employees' Retirement System – Postretirement Health Care Benefits

In addition to the pension benefits described above, the City provides postretirement 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). Depending on date hired, members are eligible to receive health care benefits with a minimum of 8 to 15 years of service and an age requirement ranging from none to age 58. Currently, 772 retirees meet these eligibility requirements. 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 \$88.50 per month for each covered retiree and dependent(s). The payments are charged to the General Fund of the City and are recognized as expenditures as payments are made. During the year, payments for health care benefits were approximately \$5,465,811.

There were no significant changes in health benefits over the previous year.

Police and Fire Retirement System – Postretirement Health Care Benefits

The City also provides postretirement health care benefits, in accordance with labor agreements, to full-time police officers and firefighters with a minimum of 15 years of service and an age requirement of 55 years. If service is 25 years or more, there is no age requirement. Currently, 617 retirees meet these eligibility requirements. 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 \$88.50 per month for each covered retiree and dependent(s). The payments are charged to the General Fund of the City and are recognized as expenditures as payments are made. During the year, payments for health care benefits were approximately \$5,757,708.

There were no significant changes in health benefits over the previous year.

4-F. Restatements

Beginning net assets of governmental activities were increased by \$692,045 to reflect the capitalization of certain assets constructed in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

City of Lansing Employees' Retirement System Required Supplementary Information (amounts in thousands)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	 derfunded L (UAAL) (B-A)	Funded Ratio (A/B)	ı	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/1996	\$ 114,420	\$ 157,082	\$ 42,662	72.8%	\$	18,169	234.8%
12/31/1997	127,444	161,792	34,348	78.8%		18,332	187.4%
12/31/1998	143,268	170,775	27,507	83.9%		17,820	154.4%
12/31/1999	161,958	187,150	25,192	86.5%		19,312	130.4%
12/31/2000	177,855	198,396	20,541	89.6%		19,521	105.2%
12/31/2001	191,311	213,648	22,337	89.5%		20,282	110.1%
12/31/2002	192,920	215,405	22,485	89.6%		19,098	117.7%
12/31/2003	199,329	221,088	21,759	90.2%		30,579	71.2%
12/31/2004	206,200	231,389	25,189	89.1%		32,383	77.8%
12/31/2005	207,881	245,242	37,361	84.8%		30,851	121.1%

Schedule of Employer Contributions

Year Ended	Annual Required	Percentage
June 30	Contributions	Contributed
1997	\$ 4,329	98.9%
1998	4,086	99.2%
1999	3,334	100.0%
2000	3,138	100.0%
2001	3,215	100.0%
2002	3,105	100.0%
2003	3,567	98.1%
2004	3,466	100.0%
2005	4,675	100.0%
2006	4,900	100.0%

City of Lansing Police and Fire Retirement System Required Supplementary Information (amounts in thousands)

Schedule of Funding Progress

Actuarial Valuation Date	_	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	(0)	derfunded verfunded) LL (UAAL) (B-A)	Funded Ratio (A/B)	,	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/1995	\$	157,485	\$ 182,127	\$	24,642	86.5%	\$	20,899	117.9%
12/31/1996		172,830	191,074		18,244	90.5%		20,392	89.5%
12/31/1997		193,162	206,191		13,029	93.7%		22,419	58.1%
12/31/1998		217,011	218,533		1,522	99.3%		22,792	6.7%
12/31/1999		245,197	233,332		(11,865)	105.1%		24,352	-48.7%
12/31/2000		267,020	239,615		(27,405)	111.4%		24,830	-110.4%
12/31/2001		280,518	249,204		(31,314)	112.6%		25,751	-121.6%
12/31/2002		280,686	259,282		(21,404)	108.3%		26,152	-81.8%
12/31/2003		277,947	267,786		(10,161)	103.8%		26,484	-38.4%
12/31/2004		275,807	279,873		4,066	98.5%		27,754	14.7%
12/31/2005		273,421	290,299		16,878	94.2%		27,855	60.6%

Schedule of Employer Contributions

Year Ended	Annual Required	Percentage
June 30	Contributions	Contributed
1997	\$ 4,669	98.7%
1998	4,252	99.0%
1999	4,380	99.4%
2000	4,063	100.0%
2001	3,561	100.0%
2002	2,665	100.0%
2003	2,637	100.0%
2004	3,287	99.6%
2005	3,334	100.3%
2006	4,659	100.0%

COMBINING and INDIVIDUAL FUND STATEMENTS and SCHEDULES

City of Lansing Combining Balance Sheet - Nonmajor Governmental Funds June 30, 2006

	Special Debt Revenue Service		Capital Projects	Permanent	Totals	
<u>Assets</u>						
Assets						
Cash and cash equivalents	\$ 57,686	\$ 25,705	\$ 2,335,769	\$ -	\$ 2,419,160	
Equity in pooled cash	12,618,576	67,774	14,311,216	1,577,150	28,574,716	
Accounts receivable, net	2,612,626	-	-	-	2,612,626	
Accrued interest receivable	1,593,867	-	1,043	-	1,594,910	
Special assessments receivable	-	2,421	1,159,999	-	1,162,420	
Loans receivable	1,410,149	-	-	-	1,410,149	
Due from other funds	46,052	-	-	-	46,052	
Interfund receivable	5,728,059	-	-	-	5,728,059	
Advances to other funds	5 174 920	-	192,439	-	192,439	
Due from other governments	5,174,829	-	1,070	-	5,175,899	
Prepaids	146,764	-			146,764	
Total assets	\$ 29,388,608	\$ 95,900	\$ 18,001,536	\$ 1,577,150	\$ 49,063,194	
<u>Liabilities and Fund Balances</u>						
Accounts payable	\$ 839,261	\$ -	\$ 545,581	\$ -	\$ 1,384,842	
Deposits payable	336,768	Ψ -	Ψ 515,501	Ψ -	336,768	
Accrued payroll	231,140	_	686	_	231,826	
Indemnity bonds	14,774	_	-	_	14,774	
Due to other funds	, -	-	290,389	-	290,389	
Interfund payable	5,691,371	4,653	-	-	5,696,024	
Advances from other funds	-	-	601,263	-	601,263	
Deferred revenue	2,863,470	2,421	846,246		3,712,137	
Total liabilities	9,976,784	7,074	2,284,165		12,268,023	
Fund balances						
Reserved for advances	-	-	192,439	-	192,439	
Reserved for prepaids	146,764	-	-	-	146,764	
Reserved for encumbrances	466,769	-	-	-	466,769	
Unreserved:						
Designated for subsequent years' expenditures	9,882,456				9,882,456	
Undesignated	8,915,835	88,826	15,524,932	1,577,150	26,106,743	
Total fund balances	19,411,824	88,826	15,717,371	1,577,150	36,795,171	
Total liabilities and fund balances	\$ 29,388,608	\$ 95,900	\$ 18,001,536	\$ 1,577,150	\$ 49,063,194	
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City of Lansing
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Taxes and special assessments	\$ 421,325	\$ 2,155,076	\$ 451,756	\$ -	\$ 3,028,157
Intergovernmental	17,376,599	-	-	-	17,376,599
Charges for services	9,142,387	-	83,493	12,335	9,238,215
Fines and forfeits	587,613	-	-	-	587,613
Interest	457,462	76,628	343,821	51,603	929,514
Contributions	38,391	-	-	-	38,391
Donations from private sources	-	-	549,055	-	549,055
Other	960,778				960,778
Total revenues	28,984,555	2,231,704	1,428,125	63,938	32,708,322
Expenditures					
Current expenditures:					
General government	2,493,387	-	-	-	2,493,387
Public safety	5,447,949	-	-	-	5,447,949
Highways and streets	7,970,052	-	-	-	7,970,052
Recreation and culture	68,554	-	-	-	68,554
Other functions	5,620,047	-	-	-	5,620,047
Debt service:	1.040.051	1 665 000			2 700 251
Principal	1,043,351	1,665,000	-	-	2,708,351
Interest	344,644	660,084	-	-	1,004,728
Issuance costs	-	18,407	7.754.422	-	18,407
Capital outlay	5,552,377		7,754,433		13,306,810
Total expenditures	28,540,361	2,343,491	7,754,433		38,638,285
Revenues over (under)					
expenditures	444,194	(111,787)	(6,326,308)	63,938	(5,929,963)
Other financing sources (uses)					
Transfers in	1,871,921	177,806	4,020,500	19,260	6,089,487
Transfers out	(2,678,899)	-	(802,119)	(63,938)	(3,544,956)
Proceeds on sale of capital assets	-	-	192,439	-	192,439
Issuance of long-term debt	-	1,470,000	6,111,500	-	7,581,500
Bond premium	-	52,982	-	-	52,982
Bond discount	-	-	(42,400)	-	(42,400)
Payment to escrow agent		(1,504,575)			(1,504,575)
Total other financing sources (uses)	(806,978)	196,213	9,479,920	(44,678)	8,824,477
Net change in fund balances	(362,784)	84,426	3,153,612	19,260	2,894,514
Fund balances, beginning of year	19,774,608	4,400	12,563,759	1,557,890	33,900,657
Fund balances, end of year	\$ 19,411,824	\$ 88,826	\$ 15,717,371	\$ 1,577,150	\$ 36,795,171

Non-Major 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 used 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 used for maintenance of local streets.

Budget Stabilization Fund – This fund is used to account for funds set aside under the provisions of Public Act 30 of 1978. Funds set aside are to be determined by the City Council on an annual basis in any year where actual General Fund revenues exceed actual expenditures.

Drug Law Enforcement Fund – This fund accounts for revenues set aside for drug law enforcement under the provisions of State of Michigan Public Act 135 of 1985, as amended.

State and Federal Programs Fund – This fund accounts for all revenues received from miscellaneous grants and local contributions. These revenues are used for projects as detailed in individual grant applications.

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.

Stadium Fund – This fund accounts for the City's share of revenues received from events held at Oldsmobile Park, the City's baseball stadium. The revenues are used for stadium expenditures.

Principal Shopping District 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.

911 Communications Center Fund – This fund accounts for the operations of the county-wide 911 communications center. Revenues received are from the County for actual expenditures incurred.

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.

City of Lansing Combining Balance Sheet - Nonmajor Special Revenue Funds June 30, 2006

	Major Streets	Local Streets	Budget Stabilization	Drug Law Enforcement	State and Federal Programs
Assets					
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 51,956	\$ -
Equity in pooled cash	7,842,568	2,203,424	-	1,379,685	-
Accounts receivable	-	-	-	5,334	5,131
Accrued interest receivable	-	-	-	=	-
Loans receivable	_	-	-	-	-
Due from other funds	31,196	14,856	-	-	-
Interfund receivable	1 1 62 422	214515	5,728,059	=	- 205 255
Due from other governments	1,162,422	314,515	-	=	2,205,255
Prepaids	146,514				
Total assets	\$ 9,182,700	\$ 2,532,795	\$ 5,728,059	\$ 1,436,975	\$ 2,210,386
<u>Liabilities and Fund Balances</u>					
Liabilities					
Accounts payable	\$ 322,697	\$ 53,913	\$ -	\$ 83,035	\$ 273,308
Deposits payable	-	-	-	329,718	-
Accrued payroll	45,287	52,323	-	1,789	14,361
Indemnity bonds	11,411	3,363	-	-	-
Interfund payable	-	-	-	-	1,863,263
Deferred revenue					59,454
Total liabilities	379,395	109,599		414,542	2,210,386
Fund balances					
Reserved for prepaids	146,514	-	-	-	-
Reserved for encumbrances	386,605	19,939	-	51,575	-
Unreserved:					
Designated for subsequent					
years' expenditures	7,395,832	1,836,575	-	=	-
Undesignated	874,354	566,682	5,728,059	970,858	
Total fund balances	8,803,305	2,423,196	5,728,059	1,022,433	
Total liabilities and fund balances	\$ 9,182,700	\$ 2,532,795	\$ 5,728,059	\$ 1,436,975	\$ 2,210,386

Community Development Block Grant Program	evelopment Principal lock Grant Shopping		911 Communications Center	Building Department	Parks Department	Totals
\$ - 1,593,867 1,410,149 - 1,492,637 - \$ 4,496,653	\$ - 166,275 - - - - - - - - - - - - - - - - - - -	\$ - 81,076 3,333 - - - - - 250 \$ 84,659	\$ - 2,427,793	\$ 5,730 588,852 4,760 - - - - - - - - - - - - - - - - - - -	\$ - 522,971 - - - - - - - - - - - - - - - - - - -	\$ 57,686 12,618,576 2,612,626 1,593,867 1,410,149 46,052 5,728,059 5,174,829 146,764 \$ 29,388,608
\$ 58,741 - 26,553 - 1,607,343	\$ 3,125 - - - 7,498	\$ 31,655 - 4,470 -	\$ 4,827 54,347 - 2,213,267	\$ 7,960 7,050 32,010	\$ - - - -	\$ 839,261 336,768 231,140 14,774 5,691,371
2,804,016 4,496,653	10,623	36,125	2,272,441	47,020		2,863,470 9,976,784 146,764
-	86,184 69,468 155,652	48,284	8,650 146,702 - - 155,352	417,163 135,159 552,322	522,971 522,971	9,882,456 8,915,835
\$ 4,496,653	\$ 166,275	\$ 84,659	\$ 2,427,793	\$ 599,342	\$ 522,971	\$ 29,388,608

City of Lansing
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2006

	Major Streets	Local Streets	Budget Stabilization	Drug Law Enforcement	State and Federal Programs
Revenues					
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,022,630	1,904,765	-	431,655	5,270,109
Charges for services	783,785	1,062,324	-	-	-
Fines and forfeits	-	-	-	587,613	-
Interest	251,795	112,885	-	48,851	-
Contributions	-	-	-	5,500	-
Other	444,829				
Total revenues	8,503,039	3,079,974		1,073,619	5,270,109
Expenditures					
Current expenditures:					
General government	-	-	-	-	-
Public safety	-	-	-	961,991	-
Highways and streets	4,617,708	3,352,344	-	-	-
Recreation and culture Other functions	-	-	-	-	5,620,047
Debt service:	-	-	-	-	5,620,047
Principal	133,351	_	_	_	_
Interest	55,719	_	_	_	_
Capital outlay	1,551,852	754,290	_	-	-
Total expenditures	6,358,630	4,106,634		961,991	5,620,047
Revenues over (under)					
expenditures	2,144,409	(1,026,660)		111,628	(349,938)
Other financing sources (uses)	122.766	1 220 207			212 272
Transfers in Transfers out	132,766 (1,194,378)	1,228,297	(1,467,021)	(17,500)	212,373
Transiers out	(1,194,376)		(1,407,021)	(17,500)	
Total other financing					
sources (uses)	(1,061,612)	1,228,297	(1,467,021)	(17,500)	212,373
Net change in fund balances	1,082,797	201,637	(1,467,021)	94,128	(137,565)
Fund balances, beginning of year	7,720,508	2,221,559	7,195,080	928,305	137,565
Fund balances, end of year	\$ 8,803,305	\$ 2,423,196	\$ 5,728,059	\$ 1,022,433	\$ -

Community Development Block Grant Program	evelopment Principal 911 ock Grant Shopping Communicati		Communications	Building Department	Parks Department	Totals
\$ - 2,747,440	\$ -	\$ 421,325	\$ - -	\$ -	\$ -	\$ 421,325 17,376,599
-	691,294	1,000	4,455,712	2,148,272	-	9,142,387 587,613
5,196	14,850	3,964	- -	-	19,921	457,462
-	, <u>-</u>	10,000	22,891	-	-	38,391
493,599		7,208	15,142			960,778
3,246,235	706,144	443,497	4,493,745	2,148,272	19,921	28,984,555
	226,500	464,262		1,802,625		2,493,387
_	220,300	404,202	4,485,958	1,802,023	-	5,447,949
_	_	-	-	-	-	7,970,052
-	57,745	-	-	-	10,809	68,554
-	-	-	-			5,620,047
_	910,000	_	_	_	_	1,043,351
-	288,925		- -	- -	- -	344,644
3,246,235			<u> </u>			5,552,377
3,246,235	1,483,170	464,262	4,485,958	1,802,625	10,809	28,540,361
	(777,026)	(20,765)	7,787	345,647	9,112	444,194
<u>-</u>	199,100	45,000	42,000	<u>-</u>	12,385	1,871,921 (2,678,899)
	199,100	45,000	42,000		12,385	(806,978)
-	(577,926)	24,235	49,787	345,647	21,497	(362,784)
	733,578	24,299	105,565	206,675	501,474	19,774,608
\$ -	\$ 155,652	\$ 48,534	\$ 155,352	\$ 552,322	\$ 522,971	\$ 19,411,824

City of Lansing

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds For the Year Ended June 30, 2006

		Major Streets	
	Dudget	-	Variance with
Revenues	Budget	Actual	Budget
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	7,728,900	7,022,630	706,270
Charges for services	371,000	783,785	(412,785)
Fines and forfeits Interest	30,000	251,795	(221,795)
Contributions	50,000	231,793	(221,793)
Other	633,000	444,829	188,171
Total revenues	8,762,900	8,503,039	259,861
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety Highways and streets	6,469,148	- 4,617,708	- 1,851,440
Recreation and culture	0,409,146	4,017,708	1,031,440
Other functions	-	-	_
Debt service:			
Principal	-	133,351	(133,351)
Interest	189,732	55,719	134,013
Capital outlay	8,630,744	1,551,852	7,078,892
Total expenditures	15,289,624	6,358,630	8,930,994
Revenues over (under)			
expenditures	(6,526,724)	2,144,409	(8,671,133)
Other financing sources (uses)			
Transfers in	550,697	132,766	417,931
Transfers out	(1,194,378)	(1,194,378)	
Total other financing			
sources (uses)	(643,681)	(1,061,612)	417,931
Net change in fund balances	(7,170,406)	1,082,797	(8,253,203)
Fund balances, beginning of year	7,720,508	7,720,508	
Fund balances, end of year	\$ 550,102	\$ 8,803,305	\$ (8,253,203)

	Local Streets		Budget Stabilization				
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget		
\$ 2,086,900 337,600	\$ - 1,904,765 1,062,324	\$ - 182,135 (724,724)	\$ - - -	\$ - - -	\$ - - -		
6,000	112,885	(106,885)	- - -	- - -	- - -		
 2,430,500	3,079,974	(649,474)					
-	-	<u>-</u>	-	<u>-</u>	-		
3,537,400	3,352,344	185,056	- - -	- - -	- - -		
- -	-	-	-	-	-		
2,070,533 5,607,933	754,290 4,106,634	1,316,243 1,501,299	<u>-</u>				
(3,177,433)	(1,026,660)	(2,150,773)					
1,438,709	1,228,297	210,412	(1,600,000)	(1,467,021)	(132,979)		
1,438,709	1,228,297	210,412	(1,600,000)	(1,467,021)	(132,979)		
(1,738,724)	201,637	(1,940,361)	(1,600,000)	(1,467,021)	(132,979)		
 2,221,559	2,221,559		7,195,080	7,195,080			
\$ 482,835	\$ 2,423,196	\$ (1,940,361)	\$ 5,595,080	\$ 5,728,059	\$ (132,979)		

City of Lansing

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds (Continued) For the Year Ended June 30, 2006

	D	rug Law Enforcem	ent	
			Variance with	
Revenues	Budget	Actual	Budget	
Taxes and special assessments	\$ -	\$ -	\$ -	
Intergovernmental	415,364	431,655	(16,291)	
Charges for services	-	-	-	
Fines and forfeits	440,000	587,613	(147,613)	
Interest	15,000	48,851	(33,851)	
Contributions Other		5,500	(5,500)	
Total revenues	870,364	1,073,619	(203,255)	
Expenditures				
Current expenditures:				
General government	-	-	-	
Public safety	622,320	961,991	(339,671)	
Highways and streets	-	-	-	
Recreation and culture Other functions	-	-	-	
Debt service:	-	-	-	
Principal Principal	_	_	_	
Interest	-	-	_	
Capital outlay	<u> </u>			
Total expenditures	622,320	961,991	(339,671)	
Revenues over (under)				
expenditures	248,044	111,628	136,416	
Other financing sources (uses)				
Transfers in Transfers out	(21,500)	(17,500)	(4,000)	
Transiers out	(21,300)	(17,300)	(4,000)	
Total other financing	(21.500)	(17.500)	(4,000)	
sources (uses)	(21,500)	(17,500)	(4,000)	
Net change in fund balances	226,544	94,128	132,416	
Fund balances, beginning of year	928,305	928,305		
Fund balances, end of year	\$ 1,154,849	\$ 1,022,433	\$ 132,416	

Community Development Block Grant Program

State	e and Federal Prog	grams	Block Grant Program					
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget			
\$ 16,733,999 3,000	\$ - 5,270,109	\$ - 11,463,890 3,000	\$ - 3,304,767	\$ - 2,747,440	\$ - 557,327			
(1,531)	- - -	(1,531)	- - -	5,196	(5,196)			
 -			1,050,000	493,599	556,401			
 16,735,468	5,270,109	11,465,359	4,354,767	3,246,235	1,108,532			
-	-	-	-	-	-			
-	-	-	-	-	-			
22,395,433	5,620,047	16,775,386	-	-	-			
-	-	-	-	-	-			
			4,354,767	3,246,235	1,108,532			
 22,395,433	5,620,047	16,775,386	4,354,767	3,246,235	1,108,532			
 (5,659,965)	(349,938)	(5,310,027)						
 477,494 -	212,373	265,121	<u>-</u>	_ 	_ 			
477,494	212,373	265,121						
(5,182,471)	(137,565)	(5,044,906)	-	-	-			
 137,565	137,565							
\$ (5,044,906)	\$ -	\$ (5,044,906)	\$ -	\$ -	\$ -			

City of Lansing

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds (Continued) For the Year Ended June 30, 2006

	Stadium					
		Budget		Actual		iance with Budget
Revenues	-	Duuget		Actual		Duugei
Taxes and special assessments	\$	-	\$	-	\$	-
Intergovernmental		-		-		-
Charges for services		662,000		691,294		(29,294)
Fines and forfeits		-		-		-
Interest		12,000		14,850		(2,850)
Contributions		-		-		-
Other						
Total revenues		674,000		706,144		(32,144)
Expenditures						
Current expenditures:						
General government		226,500		226,500		-
Public safety		-		-		-
Highways and streets		-		-		- (1)
Recreation and culture Other functions		57,744		57,745		(1)
Debt service:		-		-		-
Principal Principal		910,000		910,000		_
Interest		288,925		288,925		_
Capital outlay						
Total expenditures		1,483,169		1,483,170		(1)
Revenues over (under)						
expenditures		(809,169)		(777,026)		(32,143)
Other financing sources (uses)						
Transfers in Transfers out		250,000		199,100		50,900
Transfers out						
Total other financing		250,000		100 100		5 0,000
sources (uses)		250,000		199,100		50,900
Net change in fund balances		(559,169)		(577,926)		18,757
Fund balances, beginning of year		733,578		733,578		
Fund balances, end of year	\$	174,409	\$	155,652	\$	18,757

Prir	ıcipal	Shopping Di	strict		911 Communications Center					
 Budget	-	Actual	Var	riance with Budget		Budget		Actual	Va	riance with Budget
\$ 422,398	\$	421,325	\$	1,073	\$	-	\$	-	\$	-
1,000		1,000		-		4,437,579		4,455,712		(18,133)
500		3,964		(3,464)		-		-		-
10,000		10,000		-		40,000		22,891		17,109
 4,000		7,208		(3,208)		10,864		15,142		(4,278)
 437,898		443,497		(5,599)		4,488,443		4,493,745		(5,302)
494,189		464,262		29,927		_		_		_
-		-		-		4,738,654		4,485,958		252,696
-		-		-		-		-		-
-		-		_		-		_		_
-		-		-		-		-		-
		<u> </u>		- -		<u> </u>		<u>-</u>		-
494,189		464,262		29,927		4,738,654		4,485,958		252,696
 (56,291)		(20,765)		(35,526)		(250,211)		7,787		(257,998)
 42,075		45,000		(2,925)		92,000		42,000		50,000
42,075		45,000		(2,925)		92,000		42,000		50,000
12,073		13,000		(2,723)		72,000		12,000		30,000
(14,216)		24,235		(38,451)		(158,211)		49,787		(207,998)
 24,299		24,299				105,565		105,565		-
\$ 10,083	\$	48,534	\$	(38,451)	\$	(52,646)	\$	155,352	\$	(207,998)

City of Lansing

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds (Concluded) For the Year Ended June 30, 2006

	Building Department						
	Budget	Actual	Variance with Budget				
Revenues							
Taxes and special assessments	\$ -	\$ -	\$ -				
Intergovernmental	-	-	-				
Charges for services	1,909,112	2,148,272	(239,160)				
Fines and forfeits	-	-	-				
Interest	-	-	-				
Contributions	-	-	-				
Other			<u> </u>				
Total revenues	1,909,112	2,148,272	(239,160)				
Expenditures							
Current expenditures:							
General government	1,909,825	1,802,625	107,200				
Public safety	-	-	-				
Highways and streets	-	-	-				
Recreation and culture	-	-	-				
Other functions	-	-	-				
Debt service:							
Principal	-	-	-				
Interest	-	-	-				
Capital outlay			·				
Total expenditures	1,909,825	1,802,625	107,200				
Revenues over (under)							
expenditures	(713)	345,647	(346,360)				
Other financing sources (uses)							
Transfers in	-	-	-				
Transfers out			<u> </u>				
Total other financing sources (uses)							
sources (uses)		<u> </u>	· 				
Net change in fund balances	(713)	345,647	(346,360)				
Fund balances, beginning of year	206,675	206,675					
Fund balances, end of year	\$ 205,963	\$ 552,322	\$ (346,360)				

Parks Department					Totals						
Variance with							Variance with				
	Budget		Actual		Budget		Budget		Actual		Budget
\$		\$		\$		\$	422,398	\$	421,325	\$	1,073
φ	_	φ	_	φ	_	Ф	30,269,930	φ	17,376,599	Ф	12,893,331
	_		_		_		7,721,291		9,142,387		(1,421,096)
	_		_		_		440,000		587,613		(1,421,613)
	_		19,921		(19,921)		61,969		457,462		(395,493)
	_		17,721		(1),)21)		50,000		38,391		11,609
	_				-		1,697,864		960,778		737,086
	_		19,921		(19,921)		40,663,452		28,984,555		(11,678,897)
					(1 / 7 / 7		.,,				<u> </u>
	_		-		-		2,630,514		2,493,387		137,127
	-		-		-		5,360,974		5,447,949		(86,975)
	-		-		-		10,006,548		7,970,052		2,036,496
	99,499		10,809		88,690		157,243		68,554		88,689
	-		-		-		22,395,433		5,620,047		16,775,386
	-		-		-		910,000		1,043,351		(133,351)
	-		-		-		478,657		344,644		134,013
							15,056,044		5,552,377		9,503,667
	99,499		10,809		88,690		56,995,413		28,540,361		28,455,052
	(99,499)		9,112		(108,611)		(16,331,961)		444,194		16,776,155
	-		12,385		(12,385)		2,850,975		1,871,921		979,054
							(2,815,878)	_	(2,678,899)		(136,979)
			12,385		(12,385)		35,097		(806,978)		842,075
	(99,499)		21,497		(120,996)		(16,296,864)		(362,784)		15,934,080
	501,474		501,474				19,774,608		19,774,608		
\$	401,975	\$	522,971	\$	(120,996)	\$	3,477,744	\$	19,411,824	\$	15,934,080

Non-Major Debt Service Funds

1990 Special Assessments Fund – This fund accounts for the accumulation of resources for payment of the 1990 \$800,000 Special Assessment Bonds.

1996 Refunding Bonds Fund – This fund accounts for the accumulation of resources for payment of the 1996 \$10,800,000 Refunding Bonds.

1998 Building Authority Fund – This fund accounts for the accumulation of resources for payment of the 1998 \$2,175,000 Building Authority Bonds.

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.

2001 Fire Station Fund – This fund accounts for the accumulation of resources for the payment of the 2001 \$4,000,000 Unlimited Tax General Obligation Bonds.

City of Lansing Combining Balance Sheet - Nonmajor Debt Service Funds June 30, 2006

	1990 Special Assessments		1996 Refunding Bonds		1998 Building Authority		1999 Fire Station	
Assets Assets Cash and cash equivalents Equity in pooled cash Special assessments receivable	\$	5,298 - 2,421	\$	3,856 60,357	\$	- - -	\$	10,817 407
Total assets	\$	7,719	\$	64,213	\$		\$	11,224
Liabilities and Fund Balances								
Liabilities Interfund payables Deferred revenues Total liabilities	\$	4,653 2,421 7,074	\$	<u>-</u>	\$	- -	\$	<u>-</u>
Fund balances Unreserved, undesignated		645		64,213		<u>-</u>		11,224
Total liabilities and fund balances	\$	7,719	\$	64,213	\$	<u>-</u>	\$	11,224

S	2001 Fire Station		Totals
	_		
\$	5,734 7,010	\$	25,705 67,774 2,421
\$	12,744	\$	95,900
\$		\$	4.652
Þ	<u>-</u>		4,653 2,421
	-		7,074
	12,744		88,826
\$	12,744	\$	95,900

City of Lansing
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Debt Service Funds
For the Year Ended June 30, 2006

	1990 Special Assessments		1996 Refunding Bonds		1998 Building Authority		1999 Fire Station	
Revenues	Φ	1.045	Φ	1 555 721	Φ		Φ	206.000
Taxes and special assessments Interest	\$	1,845 319	\$	1,555,731 53,926	\$	<u>-</u>	\$	286,000 10,774
Total revenues		2,164		1,609,657				296,774
Expenditures								
Debt service:		10.000		1 265 000		05.000		150,000
Principal payments		10,000		1,265,000		95,000		150,000
Interest		2,250		282,444		72,475		136,550
Issuance costs						18,407		
Total expenditures		12,250		1,547,444		185,882		286,550
Revenues over (under)								
expenditures		(10,086)		62,213		(185,882)		10,224
experiences	1	(10,000)		02,213		(105,002)		10,221
Other financing sources (uses)								
Transfers in		10,731		-		167,075		-
Issuance of long-term debt		_		-		1,470,000		-
Bond premium		_		-		52,982		-
Payment to escrow agent				<u> </u>	(1,504,575)		
Total other financing sources (uses)		10,731				185,482		
Net change in fund balances		645		62,213		(400)		10,224
Fund balances, beginning of year		<u>-</u>		2,000		400		1,000
Fund balances, end of year	\$	645	\$	64,213	\$		\$	11,224

 2001 Fire Station	Totals
\$ 311,500 11,609	\$ 2,155,076 76,628
323,109	2,231,704
145,000 166,365	1,665,000 660,084 18,407
311,365	2,343,491
 11,744	 (111,787)
- - -	177,806 1,470,000 52,982 (1,504,575)
<u>-</u>	 196,213
11,744	84,426
1,000	4,400
\$ 12,744	\$ 88,826

Non-Major Capital Projects Funds

1987 Street Improvements Fund – This fund accounts for the proceeds of the 1987 \$22,000,000 Unlimited Tax bonds.

1990 Environmental I Fund – This fund accounts for the proceeds of the 1990 \$7,000,000 Environmental bonds.

1990 Environmental II Fund – This fund accounts for the proceeds of the 1990 \$6,300,000 Environmental bonds.

Combined Sewer Overflow Fund – This fund accounts for the storm sewer portion of the combined sewer overflow bonds.

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.

1999 Fire Station Fund – This fund accounts for the proceeds of the 1999 \$3,000,000 Unlimited Tax General Obligation Bonds.

2001 Fire Station Fund – This fund accounts for the proceeds of the 2001 \$4,000,000 Unlimited Tax General Obligation Bonds.

Lansing Center Improvements Fund – This fund accounts for the proceeds of the 2006 \$4,000,000 Lansing Center Limited Tax Bonds.

2006 MTF Bonds Fund – This fund accounts for the proceeds of the 2006 \$1,600,000 Michigan Transportation Fund Limited Tax Bonds.

Other Capital Projects Fund – This fund accounts for miscellaneous capital projects.

City of Lansing Combining Balance Sheet - Nonmajor Capital Projects Funds June 30, 2006

	1987 Street Improve- ments		1990 Environ- mental I		1990 Environ- mental II		Combined Sewer Overflow	
<u>Assets</u>								
Assets								
Cash and cash equivalents	\$	-	\$	-	\$	-	\$	-
Equity in pooled cash		101,946		78,218		355,748		1,404,581
Accrued interest receivable		-		-		-		-
Special assessments receivable:								
Current Deferred		-		-		-		-
Advances to other funds		_		_		_		-
Due from other governments		_		_		_		_
Due from other governments								
Total assets	\$	101,946	\$	78,218	\$	355,748	\$	1,404,581
<u>Liabilities and Fund Balances</u>								
Liabilities	Φ.		Φ.		Φ.		Φ.	
Accounts payable	\$	-	\$	-	\$	-	\$	-
Accrued payroll Due to other funds		-		-		-		-
Advances from other funds		_		-		-		-
Deferred revenue		-						<u>-</u> _
Total liabilities				_		_		
Fund balances								
Reserved for advances		_		-		_		-
Unreserved, undesignated (deficit)		101,946		78,218		355,748		1,404,581
Total fund balances (deficit)		101,946		78,218		355,748		1,404,581
Total liabilities and fund balances	\$	101,946	\$	78,218	\$	355,748	\$	1,404,581

Special Assess- ments		1999 Fire Station	 2001 Fire Station	Lansing Center provements	2006 MTF Bonds	 Other		Totals
\$	- \$ -	- 10,964 -	\$ 273,612 - 1,043	\$ 3,288,066	\$ 1,456,111	\$ 606,046 9,071,693		2,335,769 4,311,216 1,043
313,753 846,246 1,070	5 -	- - -	- - -	- - -	- - -	- - 192,439 -		313,753 846,246 192,439 1,070
\$ 1,161,069	\$	10,964	\$ 274,655	\$ 3,288,066	\$ 1,456,111	\$ 9,870,178	\$ 1	8,001,536
\$ 47,473 601,263 846,246	- - 3	10,964	\$ 30,865 - 241,487	\$ 65,880 - - -	\$ 48,902	\$ 390,399 686 - -	\$	545,581 686 290,389 601,263 846,246
1,494,982		10,964	272,352	65,880	48,902	391,085		2,284,165
(333,913		- - -	 2,303 2,303	 3,222,186 3,222,186	 1,407,209 1,407,209	192,439 9,286,654 9,479,093		192,439 15,524,932
\$ 1,161,069		10,964	\$ 274,655	\$ 3,288,066	\$ 1,456,111	\$ 9,870,178		8,001,536

City of Lansing Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds For the Year Ended June 30, 2006

	1987 Street Improve- ments		1990 Environ- mental I		1990 Environ- mental II			Combined Sewer Overflow
Revenues	ф		Φ.		Φ.		Ф	
Special assessments Charges for services	\$	-	\$	-	\$	-	\$	-
Interest		3,888		2,982		13,803		_
Donations from private sources						-		
Total revenues		3,888		2,982		13,803		=
Expenditures								
Capital outlay						9,287		3,561
Revenues over (under) expenditures		3,888		2,982		4,516		(3,561)
Other financing sources (uses)								
Transfers in		-		-		-		-
Transfers out		-		-		-		-
Proceeds on sale of capital assets		-		-		-		-
Issuance of long-term debt Bond discount		-		-		-		-
Bond discount	-							
Total other financing sources						-		
Net change in fund balances		3,888		2,982		4,516		(3,561)
Fund balance (deficit), beginning of year		98,058		75,236		351,232		1,408,142
Fund balance (deficit), end of year	\$	101,946	\$	78,218	\$	355,748	\$	1,404,581

Special Assess- ments	1999 Fire Station		2001 Fire tation	C	ensing enter ovements	 2006 MTF Bonds	Other		Totals
\$ 451,756	\$ -	\$	-	\$	-	\$ -	\$ - 83,493	\$	451,756
 - - -	 8,785		81,380		21,324	9,354	 202,305 549,055		83,493 343,821 549,055
451,756	8,785		81,380		21,324	9,354	834,853		1,428,125
193,134	345,917	2	2,445,371		759,138	33,060	3,964,965		7,754,433
 258,622	 (337,132)	(2	2,363,991)		(737,814)	 (23,706)	 (3,130,112)		(6,326,308)
- - - -	- - -		- - -	4	- - - ,000,000	- (166,685) - 1,600,000	4,020,500 (635,434) 192,439 511,500		4,020,500 (802,119) 192,439 6,111,500
 	 				(40,000)	 (2,400)	 4 000 005		(42,400)
258,622	 (337,132)	(2	2,363,991)		,960,000	1,430,915 1,407,209	 <u>4,089,005</u> <u>958,893</u>		9,479,920 3,153,612
 (592,535)	 337,132	2	2,366,294				 8,520,200	1	2,563,759
\$ (333,913)	\$ 	\$	2,303	\$ 3	,222,186	\$ 1,407,209	\$ 9,479,093	\$ 1	5,717,371

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
Combining Balance Sheet - Nonmajor Permanent Funds
June 30, 2006

	Cemetery Perpetual Care	Parks Trust	Totals
<u>Assets</u>			
Assets Equity in pooled cash	\$ 1,575,900	\$ 1,250	\$ 1,577,150
Liabilities and Fund Balances			
Fund balances Unreserved, undesignated	\$ 1,575,900	\$ 1,250	\$ 1,577,150

City of Lansing
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Nonmajor Permanent Funds
For the Year Ended June 30, 2006

	Cemetery Perpetual Care	 Parks Trust	Totals
Revenues			
Rents	\$ -	\$ 12,335	\$ 12,335
Interest	51,553	 50	51,603
Total revenues	 51,553	 12,385	63,938
Other financing sources (uses)			
Transfers in	19,260	-	19,260
Transfers out	 (51,553)	 (12,385)	 (63,938)
Total other financing sources (uses)	(32,293)	(12,385)	(44,678)
Net change in fund balances	19,260	-	19,260
Fund balances, beginning of year	 1,556,640	 1,250	 1,557,890
Fund balances, end of year	\$ 1,575,900	\$ 1,250	\$ 1,577,150

Non-Major 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.

Potter Park Zoo Fund – This fund accounts for the operations of the Potter Park Zoo.

City of Lansing Combining Statement of Net Assets - Nonmajor Enterprise Funds June 30, 2006

	C	am atom:		Golf	F	rbage and Rubbish ollection	T	lograling
	Cemetery			Goll		onection	K	ecycling
Assets								
Assets								
Current assets:								
Cash and cash equivalents	\$	=	\$	11,368	\$	_	\$	_
Equity in pooled cash	Ψ	155,291	Ψ	-	Ψ	_	Ψ	1,089,471
Accounts receivable, net		133,271		5,648		205,149		9,880
Inventories		56,407		37,977		1,939		- -
Total current assets	-	211,698		54,993		207,088		1,099,351
		,		,		,		, ,
Noncurrent assets -								
Capital assets, net		159,677		3,391,867				842,433
Total assets		371,375		3,446,860		207,088		1,941,784
Liabilities								
Current liabilities:								
Accounts payable		2,385		5,976		78,136		22,225
Accrued interest payable		, <u>-</u>		12,254		, -		-
Accrued payroll		16,777		29,561		15,126		42,444
Interfund payable		, -		361,091		65,488		-
Unearned revenues		_		37,687		62,829		_
Current portion of:				,		,		
Long-term debt		-		60,000		_		-
Compensated absences		12,206		38,188		52,531		65,271
Total current liabilities		31,368		544,757		274,110		129,940
Noncurrent liabilities:								
Long-term debt, net of current portion				830,134				
Compensated absences		23,741		372		23,747		25,843
Total noncurrent liabilities		23,741		830,506		23,747		25,843
Total honcurrent madritues		23,741	-	830,300		23,141		23,043
Total liabilities		55,109		1,375,263		297,857		155,783
Net Assets								
Invested in capital assets, net								
of related debt		159,677		2,501,733		-		842,433
Unrestricted (deficit)		156,589		(430,136)		(90,769)		943,568
Total net assets (deficit)	\$	316,266	\$	2,071,597	\$	(90,769)	\$	1,786,001

]	Potter Park Zoo	Totals
\$	8,970	\$ 20,338
	204,030	1,448,792 220,677
	-	96,323
	213,000	1,786,130
	6,169,688	10,563,665
	6,382,688	12,349,795
	26,417	135,139
		12,254
	46,245	150,153
	-	426,579
	-	100,516
	-	60,000
	104,874 177,536	273,070 1,157,711
	177,550	1,137,711
	-	830,134
	35,464	109,167
	35,464	939,301
	213,000	2,097,012
	6,169,688	9,673,531
		579,252
\$	6,169,688	\$ 10,252,783

City of Lansing
Combining Statement of Revenues, Expenses and
Changes in Net Assets - Nonmajor Enterprise Funds
For the Year Ended June 30, 2006

	Cemetery		Golf		Garbage and Rubbish Collection		Recycling
Operating revenues							
Charges for services	\$	237,564	\$ 890,190	\$	1,295,053	\$	2,816,277
Operating expenses							
Personal services		479,619	616,287		610,818		1,706,686
Contractual and materials		245,642	615,011		801,802		1,252,496
Depreciation		27,890	 116,844		-		22,548
Total operating expenses		753,151	1,348,142		1,412,620		2,981,730
Operating loss		(515,587)	 (457,952)		(117,567)		(165,453)
Nonoperating revenues (expenses) Interest revenue					(617)		36,715
Loss on sale of capital assets		(6,962)	_		(017)		30,713
Interest expense and fees		(0,702)	(50,821)		_		_
interest expense and rees			 (50,021)				
Total nonoperating revenues							
(expenses)		(6,962)	 (50,821)		(617)		36,715
Loss before contributions							
and transfers		(522,549)	(508,773)		(118,184)		(128,738)
Capital contributions		-	534,560		-		-
Transfers in		506,993	474,041		-		-
Transfers out		(19,260)	 <u>-</u>		-		-
Change in net assets		(34,816)	499,828		(118,184)		(128,738)
Net assets, beginning of year		351,082	 1,571,769		27,415		1,914,739
Net assets, end of year	\$	316,266	\$ 2,071,597	\$	(90,769)	\$	1,786,001

Potter Park Zoo	Totals
_	
\$ 471,703	\$ 5,710,787
1,559,667	4,973,077
779,044	3,693,995
 380,048	547,330
2,718,759	9,214,402
(2,247,056)	(3,503,615)
_	36,098
-	(6,962)
	(50,821)
_	(21,685)
(2,247,056)	(3,525,300)
834,213	1,368,773
1,970,691	2,951,725
 	(19,260)
557,848	775,938
5,611,840	9,476,845
\$ 6,169,688	\$ 10,252,783

City of Lansing
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2006

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	
Cash flows from operating activities					
Cash received from customers	\$ 237,564	\$ 890,118	\$ 1,302,950	\$ 2,816,542	
Cash payments for goods and services	(258,548)	(645,553)	(704,620)	(1,250,139)	
Cash payments to employees	(475,822)	(616,914)	(606,061)	(1,691,112)	
Net cash provided (used) by					
operating activities	(496,806)	(372,349)	(7,731)	(124,709)	
Cash flows from noncapital					
financing activities					
Transfers in	506,993	474,041	-	-	
Transfers out	(19,260)	<u> </u>	<u> </u>		
Net cash provided by noncapital					
financing activities	487,733	474,041			
Cash flows from capital and related					
financing activities					
Acquisition of capital assets	-	(534,560)	-	-	
Capital contributions received	-	534,560	-	-	
Principal paid on bonds	-	(55,000)	-	-	
Interest paid on bonds		(49,988)			
Net cash used for capital and					
related financing activities		(104,988)			
Cash flows from investing activities					
Interest and dividends			(617)	36,715	
Net increase (decrease) in cash and					
cash equivalents	(9,073)	(3,296)	(8,348)	(87,994)	
Cash and cash equivalents:					
Beginning of year	164,364	14,664	8,348	1,177,465	
End of year	\$ 155,291	\$ 11,368	\$ -	\$ 1,089,471	

Potter Park Zoo	Totals
\$ 471,703 (784,483) (1,543,472)	\$ 5,718,877 (3,643,343) (4,933,381)
(1,856,252)	(2,857,847)
1,970,691	2,951,725 (19,260)
1,970,691	2,932,465
(937,896) 834,213	(1,472,456) 1,368,773 (55,000) (49,988)
(103,683)	(208,671)
	36,098
10,756	(97,955)
202,244	1,567,085
\$ 213,000	\$ 1,469,130

City of Lansing Combining Statement of Cash Flows (concluded) Nonmajor Enterprise Funds For the Year Ended June 30, 2006

	Cemetery		Golf	Garbage and Rubbish Collection		F	Recycling
Reconciliation of operating income (loss) to net cash provided (used)							
by operating activities							
Operating income (loss)	\$	(515,587)	\$ (457,952)	\$	(117,567)	\$	(165,453)
Adjustments to reconcile operating							
income (loss) to net cash from							
operating activities:							
Depreciation expense		27,890	116,844		-		22,548
Changes in assets and liabilities:							
Accounts receivable		-	(72)		7,897		265
Inventory		(3,799)	1,744		1,099		-
Accounts payable		(454)	(11,045)		48,810		(2,975)
Accrued interest payable		-	(674)		-		-
Accrued payroll		3,797	(627)		4,757		15,574
Interfund payable		-	(30,136)		65,488		-
Unearned revenues		-	12,694		(7,922)		-
Compensated absences		(8,653)	 (3,125)		(10,293)		5,332
Net cash provided (used) by							
operating activities	\$	(496,806)	\$ (372,349)	\$	(7,731)	\$	(124,709)

	Totals					
6) \$	(3,503,615)					
8	547,330					
-	8,090					
-	(956)					
8	35,694					
-	(674)					
5	39,696					
_	35,352					
_	4,772					
7)	(23,536)					
2) \$	(2,857,847)					
	88 55					

Internal Service Funds

Public Service Garage Fund – This fund accounts for the costs of operating a maintenance facility for trucks and equipment used by the Public Service Department.

Health Care Self Funding – This fund accounts for the costs of the City's self-funded health insurance benefits.

City of Lansing Combining Statement of Net Assets Internal Service Funds June 30, 2006

	Public Services Garage	Health Care Self Funding	Totals
Assets			
Current assets:			
Equity in pooled cash	\$ 2,773,295	\$ -	\$ 2,773,295
Receivables:			
Accounts, net	-	701,075	701,075
Inventories	271,796	-	271,796
Prepaids	-	549,235	549,235
Due from other funds	-	10,000	10,000
Interfund receivable	1,278,309	-	1,278,309
Total current assets	4,323,400	1,260,310	5,583,710
Noncurrent assets:			< 004
Bond issue costs	6,321	-	6,321
Capital assets, net	4,802,726		4,802,726
Total non-current assets	4,809,047		4,809,047
Total assets	9,132,447	1,260,310	10,392,757
Liabilities			
Current liabilities:			
Accounts payable	35,552	-	35,552
Accrued interest payable	25,145	-	25,145
Accrued payroll	36,952	-	36,952
Other	, <u>-</u>	696,750	696,750
Current portion of:		,	,
Long-term debt	115,000	-	115,000
Compensated absences	85,067	-	85,067
Total current liabilities	297,716	696,750	994,466
N			
Noncurrent liabilities:	1 205 000		1 205 000
Long-term debt, net of current portions	1,295,000	-	1,295,000
Compensated absences	33,300		33,300
Total non-current liabilities	1,328,300		1,328,300
Total liabilities	1,626,016	696,750	2,322,766
Net assets			
Invested in capital assets, net of related debt	3,373,902	-	3,373,902
Unrestricted	4,132,529	563,560	4,696,089
Total net assets	\$ 7,506,431	\$ 563,560	\$ 8,069,991

City of Lansing Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended June 30, 2006

	Public Services Garage	Health Care Self Funding	Totals
Operating revenues			
Charges for services	\$ 3,615,276	\$ 18,360,160	\$ 21,975,436
Operating expenses			
Personal services	1,399,106	-	1,399,106
Purchase of goods and services	1,089,821	18,825,136	19,914,957
Depreciation	854,886		854,886
Total operating expenses	3,343,813	18,825,136	22,168,949
Operating income (loss)	271,463	(464,976)	(193,513)
Nonoperating revenues (expenses)			
Interest revenue	450	15,081	15,531
Interest expense and fees	(79,358)	-	(79,358)
Amortization of bond issue costs	(654)		(654)
Total nonoperating expenses	(79,562)	15,081	(64,481)
Change in net assets	191,901	(449,895)	(257,994)
Net assets, beginning of year	7,314,530	1,013,455	8,327,985
Net assets, end of year	\$ 7,506,431	\$ 563,560	\$ 8,069,991

City of Lansing Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2006

	Public Services Garage	Health Care Self Funding	Totals
Cash flows from operating activities Cash received from interfund services Cash payments for goods and services Cash payments to employees Net cash provided (used) by operating activities	\$ 6,123,147 (1,140,934) (1,385,329) 3,596,884	\$ 19,352,682 (19,367,763) - (15,081)	\$ 25,475,829 (20,508,697) (1,385,329) 3,581,803
Cash flows from capital and related financing activities Acquisition and construction of capital assets Principal paid on revenue and general obligation bonds Interest paid on revenue and general obligation bonds Net cash provided by (used for) capital and related financing activities	(1,052,347) (110,000) (79,358) (1,241,705)	- - - -	(1,052,347) (110,000) (79,358) (1,241,705)
Cash flows from investing activities Interest and dividends Net increase (decrease) in cash and cash equivalents	2,355,629	15,081	15,531 2,355,629
Cash and cash equivalents, beginning of year Cash and cash equivalents, end of year	\$ 2,773,295	<u> </u>	\$ 2,773,295

continued...

City of Lansing

Combining Statement of Cash Flows (concluded) Internal Service Funds For the Year Ended June 30, 2006

	S	Public Services Garage		Health Care Self Funding		Totals	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities							
Operating income (loss)	\$	271,463	\$	(464,976)	\$	(193,513)	
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		·					
Depreciation expense		854,886		-		854,886	
Change in:							
Accounts receivable		-		992,522		992,522	
Accrued interest receivable		49		-		49	
Inventories		(39,182)		-		(39,182)	
Prepaids		-		(82,222)		(82,222)	
Interfund receivable		2,507,822		-		2,507,822	
Accounts payable		(15,716)		-		(15,716)	
Accrued interest payable		(1,962)				(1,962)	
Accrued payroll		13,777		-		13,777	
Other		-		(460,405)		(460,405)	
Compensated absences		5,747		-		5,747	
Total adjustments		3,325,421		449,895		3,775,316	
Net cash provided by (used for) operating activities	\$	3,596,884	\$	(15,081)	\$	3,581,803	

Agency Funds

Bail Bonds Fund – This fund is used to hold cash received by the District Court for bail bonds.

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

City of Lansing
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2006

	54-A Dist					
	Bail Bonds	Inde	nishment, nnity Bond Restitution	Totals		
Assets Cash and cash equivalents Equity in pooled cash	\$ 102,124 134,004	\$	16,573 5,678	\$	118,697 139,682	
Total assets	\$ 236,128	\$	22,251	\$	258,379	
Liabilities Undistributed receipts	\$ 236,128	\$	22,251	\$	258,379	

City of Lansing Combining Statement of Changes in Fiduciary Assets and Liabilities Agency Funds For the Year Ended June 30, 2006

	Beginning Balance		Additions		Deletions		Ending Balance	
54-A District Court - Bail Bonds								
Assets Cash and cash equivalents Equity in pooled cash	\$	65,000 209,417	\$	37,124 833,617	\$	909,030	\$	102,124 134,004
Total assets	\$	274,417	\$	870,741	\$	909,030	\$	236,128
Liabilities Undistributed receipts	\$	274,417	\$	870,741	\$	909,030	\$	236,128
54-A District Court - Garnishment, Indemnity	Bond	and Restitu	tion					
Assets Cash and cash equivalents Equity in pooled cash	\$	15,000 14,092	\$	1,573 135,641	\$	144,055	\$	16,573 5,678
Total assets	\$	29,092	\$	137,214	\$	144,055	\$	22,251
Liabilities Undistributed receipts	\$	29,092	\$	137,214	\$	144,055	\$	22,251
Total - All Agency Funds								
Assets Cash and cash equivalents Equity in pooled cash	\$	80,000 223,509	\$	38,697 969,258	\$	1,053,085	\$	118,697 139,682
Total assets	\$	303,509	\$	1,007,955	\$	1,053,085	\$	258,379
Liabilities Undistributed receipts	\$	303,509	\$	1,007,955	\$	1,053,085	\$	258,379

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	105-108
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property taxes.	109-113
Debt Capacity 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.	114-118
Demographic and Economic Information 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.	119-120
Operating Information 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.	121-123

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

Schedule 1 City of Lansing Net Assets by Component Last Five Fiscal Years

(accrual basis of accounting)	Fiscal Year				
	2006	2005	2004	2003	2002
Covernmental activities		(2)			
Governmental activities	# 400 040 44 7	# 400 000 700	# 407 500 005	0.400 5.45 000	0.470.740.075
Invested in capital assets, net of related debt	\$190,243,447	\$198,338,788	\$197,530,605	\$193,545,003	\$176,742,875
Restricted	36,706,345	33,900,657		6,370	172,111
Unrestricted	514,601	1,632,040	15,331,622	20,363,235	39,491,342
Total governmental activities net assets	227,464,393	233,871,485	212,862,227	213,914,608	216,406,328
Business-type activities Invested in capital assets, net of related debt	161,324,071	163,834,290	138,830,169	163,715,373	154,922,603
Restricted	36,365,431	39,493,526	718,828	1,039,093	2,105,762
Unrestricted	27,788,610	22,701,430	64,268,351	35,649,876	36,078,930
Total business-type activities net assets	225,478,112	226,029,246	203,817,348	200,404,342	193,107,295
Primary government Invested in capital assets, net of related debt Restricted Unrestricted	351,567,518 73,071,776 28,303,211	362,173,078 73,394,183 24,333,470	336,360,774 718,828 79,599,973	357,260,376 1,045,463 56,013,111	331,665,478 2,277,873 75,570,272
Total primary government net assets	\$452,942,505	\$459,900,731	\$416,679,575	\$414,318,950	\$409,513,623

⁽¹⁾ no discretely presented component units shown

⁽²⁾ in 2005 the City's definition of "restricted net assets" was changed to include assets in funds set up to account for activities outside of the General Fund, for Governmental Activities, and to include restricted cash for debt retirement for Business Type Activities.

Schedule 2					
City of Lansing					
Changes in Net Assets					
Last Five Fiscal Years (accrual basis of accounting)			Fiscal Year		
(accrual basis of accounting)	2006	2005	2004	2003	2002
	2000	2003	2004	2003	2002
Expenses					
Governmental activities:					
General government	\$34,375,762	\$53,533,838	\$53,353,559	\$54,386,814	\$48,907,951
Public safety	60,047,271	38,668,349	41,292,750	36,998,022	37,442,294
Public works	31,790,944	30,670,483	22,118,173	23,740,767	22,332,626
Recreation and culture	7,881,212	5,464,143	7,979,953	8,055,078	6,790,347
Community development	7,124,491	6,996,000	8,387,559	9,647,696	8,960,204
Interest on long-term debt	1,197,851	1,033,078	2,041,758	2,333,691	2,705,290
Total governmental activities expenses	142,417,531	136,365,891	135,173,752	135,162,068	127,138,712
Duninges type activities					
Business-type activities Sewage disposal system	21,706,537	20,631,611	20,864,079	19,350,186	17,218,878
Municipal parking system	18,403,163	10,151,018	9,196,910	8,840,334	8,322,193
Cemetery	753,151	802,949	828,073	688,571	570,291
Golf	1,398,963	1,446,615	1,620,669	1,583,711	1,222,525
Garbage and rubbish collection	1,412,620	1,421,617	1,321,760	1,288,178	1,229,951
Recycling	2,981,730	2,862,003	2,768,307	2,642,541	2,437,371
Potter Park Zoo	2,718,759	2,690,943	2,542,065	2,228,724	1,778,059
Total business-type activities expenses	49,374,923	40,006,756	39,141,863	36,622,245	32,779,268
Total primary government expenses	\$191,792,454	\$176,372,647	\$174,315,615	\$171,784,313	\$159,917,980
	<u> </u>				
Program Revenues					
Governmental activities:					
Charges for services:	6 446 950	6 264 442	4 696 004	4 644 474	1 000 603
General government Public safety	6,416,850 13,087,372	6,264,142 12,400,853	4,686,901 11,682,187	4,611,471 11,031,998	1,908,603 10,393,731
Public works	3,891,646	2,646,007	2,713,258	2,627,959	2,345,220
Recreation and culture	1,405,584	1,598,968	1,581,607	1,472,203	1,509,159
Community development	66,486	66,788	1,001,001	.,,	1,000,100
Operating grants and contributions	16,158,496	16,673,481	15,746,181	15,968,081	17,980,993
Capital grants and contributions	3,659,169	3,479,536	3,033,891	1,734,008	2,822,477
Total governmental activities program revenues	44,685,603	43,129,775	39,444,025	37,445,720	36,960,183
Business-type activities:					
Charges for services:					
Sewage disposal system	26,867,610	26,890,756	26,529,842	26,045,574	25,414,112
Municipal parking system	10,289,830	9,628,690	7,510,354	7,642,684	7,763,065
Cemetery Golf	237,564 890,190	230,716 929,266	226,631 951,923	199,760 997,177	231,304
Garbage and rubbish collection	1,295,053	1,322,111	1,315,413	1,189,489	1,014,675 801,418
Recycling	2,816,277	2,636,002	2,115,917	2,138,308	1,928,476
Potter Park Zoo	471,703	558,654	505,666	436,199	426,434
Capital grants and contributions	1,368,773	731,575	93,207	914,570	0
Total business-type activities program revenues	44,237,000	42,927,770	39,248,953	39,563,761	37,579,484
Total primary government program revenues	\$88,922,603	\$86,057,545	\$78,692,978	\$77,009,481	\$74,539,667
Net(Expenses)/Revenues					
Governmental activities	(\$97,731,928)			(\$97,716,348)	
Business-type activities	(5,137,923)	2,921,014	107,090	2,941,516	4,800,216
Total primary government net expense	(\$102,869,851)	(\$90,315,102)	(\$95,622,637)	(\$94,774,832)	(\$85,378,313)
General Revenues and Other Changes in Net Ass	ets				
Governmental activities: Taxes					
Property Taxes	37,506,017	36,181,408	40,354,088	39,571,155	39,158,867
Income taxes	27,032,176	27,435,047	27,437,494	29,099,955	27,596,270
Unrestricted grants and contributions	26,817,633	26,355,710	26,338,413	28,198,831	28,618,275
Investment earnings	1,634,608	715,608	312,069	725,936	972,802
Miscellaneous	774,822	104,563	2,903,792	1,838,895	1,946,818
Transfers	(3,132,465)	(2,123,435)	(2,668,510)	(4,130,144)	(1,925,790)
Total governmental activities	90,632,791	88,668,901	94,677,346	95,304,628	96,367,242
Business-type activities:		_			
Investment earnings	1,453,076	1,298,407	249,855	294,425	628,797
Miscellaneous	1,248	23,736	387,551	343,174	1,438,488
Transfers Total husiness type activities	3,132,465	2,123,435	2,668,510	3,717,932	1,486,240
Total business-type activities	4,586,789	3,445,578	3,305,916	4,355,531	3,553,525
Total primary government	\$95,219,580	\$92,114,479	\$97,983,262	\$99,660,159	\$99,920,767
Changes in Not Assets					
Changes in Net Assets Governmental activities	(\$7,099,137)	(\$4,567,215)	(\$1,052,381)	(\$2,411,720)	\$6,188,713
Business-type activities	(551,134)	6,366,592	3,413,006	7,297,047	8,353,741
Total primary government	(\$7,650,271)	\$1,799,377	\$2,360,625	\$4,885,327	\$14,542,454
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no discretely presented component units shown

Schedule 2

Schedule 3
City of Lansing
Fund Balances, Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2006	2005	2004	2003	2002
General Fund					
Reserved	\$2,443,224	\$2,482,589	\$1,324,109	\$945,386	\$1,145,896
Unreserved	4,634,961	4,709,909	5,606,958	5,985,681	5,785,171
Total General Fund	\$7,078,185	\$7,192,498	\$6,931,067	\$6,931,067	\$6,931,067
All Other Governmental Funds					
Reserved Unreserved, reported in:	613,533	2,139,438	3,688,795	4,541,303	4,898,039
Special revenue funds	18,798,291	17,635,170	17,950,570	17,933,354	19,123,737
Capital projects funds	15,717,371	12,563,759	15,293,862	16,967,327	19,447,491
Debt service funds	88,826	4,400	0	0	0
Permanent funds	1,577,150	1,557,890	0	0	0
Total all other governmental funds	\$36,795,171	\$33,900,657	\$36,933,227	\$39,441,984	\$43,469,267
Total all governmental funds	\$43,873,356	\$41,093,155	\$43,864,294	\$46,373,051	\$50,400,334

⁽¹⁾ In 2005 the City's definition for Permanent Funds fund balance changed to "Unreserved" due to the nature of the funds being set up as a reserved fund.

Schedule 4
City of Lansing
Changes in Fund Balance, Governmental Funds
Last Five Fiscal Years
(modified accrual basis of accounting)

	2006	2005	Fiscal Year 2004	2003	2002
Revenues					
Property taxes Income taxes Licenses and permits Intergovernmental Charges for services Fines and forfeits	\$37,957,773 27,032,176 860,647 34,964,225 19,436,267 4,515,951	\$36,527,417 27,497,542 791,655 35,624,372 17,931,572 4,351,977	\$40,354,088 27,413,270 814,989 36,312,111 16,745,202 4,870,577	\$39,426,786 29,159,482 925,455 36,183,631 15,522,204 5,645,029	\$39,303,237 27,577,803 976,332 41,155,183 15,057,729 4,383,678
Interest and rents Contributions Donations from private sources Other revenue Total revenues	1,710,674 9,385,831 549,055 1,082,283 137,494,882	720,707 8,966,289 126,182 1,320,064 133,857,777	357,382 8,744,295 22,031 1,285,903 136,919,848	823,308 9,255,742 376,793 779,115 138,097,545	1,096,086 8,069,915 85,307 703,332 138,408,602
Expenditures					
General government Public safety Highways and streets Recreation and culture Other functions Capital outlay Debt service Interest Principal Total expenditures Excess of revenues over (under) expenditures	34,956,037 59,143,629 10,879,004 7,509,183 8,259,415 13,306,810 1,145,588 3,244,879 138,444,545 (949,663)	55,746,807 38,121,596 10,467,860 5,517,980 8,520,848 12,614,723 1,187,673 3,592,766 135,770,253 (1,912,476)	54,420,735 40,145,137 9,216,004 6,229,014 6,971,380 11,917,608 2,331,276 6,874,234 138,105,388 (1,185,540)	53,381,289 39,321,853 9,776,628 6,555,043 5,725,184 15,241,548 2,625,499 6,298,264 138,925,308	49,156,129 39,290,562 9,110,517 6,219,773 8,255,056 14,195,769 2,951,352 7,886,020 137,065,178
Other Financing Sources (Uses)					
Proceeds from borrowing Proceeds from sale of capital assets Transfers in Transfers out Total other financing sources (uses) Net change in fund balance	6,087,507 774,822 8,170,998 (11,303,463) 3,729,864 2,780,201	1,784,465 74,565 8,274,929 (10,398,364) (264,405) (2,176,881)	570,000 799,497 13,628,444 (16,321,156) (1,323,215) (2,508,755)	1,500,000 99,434 14,083,970 (18,802,923) (3,119,519) (3,947,282)	3,914,787 896,818 16,789,516 (18,715,306) 2,885,815 4,229,239
Debt service as a percentage of noncapital expenditures	3.5%	3.9%	7.3%	7.2%	8.8%

Schedule 5
City of Lansing
Assessed Value and estimated Actual Value of Taxable Property
Last Six Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Personal Property Valuation	Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2001	\$988,356,656	\$560,554,545	\$72,068,138	\$305,623,290	\$1,926,602,629	\$16.96	\$3,853,205,258	50.0%
2002	1,036,176,015	632,166,043	138,185,676	289,408,415	2,095,936,149	16.46	4,191,872,298	50.0%
2003	1,088,980,029	661,752,030	157,367,277	303,247,208	2,211,346,544	15.93	4,422,693,088	50.0%
2004	1,135,019,090	686,609,099	178,744,095	287,439,600	2,287,811,884	15.93	4,575,623,768	50.0%
2005	1,196,695,728	702,969,958	175,906,035	288,421,700	2,363,993,421	15.88	4,727,986,842	50.0%
2006	1,266,935,505	730,413,466	180,564,805	251,293,200	2,429,206,976	15.88	4,858,413,952	50.0%

Tax rates are per \$1,000 of assessed value.

Schedule 6
City of Lansing
Direct and Overlapping Property tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year		City Direct	Rates		Overlapping Rates						
Ended June 30,	Tax Year	Operating Millage	Service Millage	City Millage	County Millage	School Millage	State Education	College Millage	Other Millage	Total	
1997	1996	15.04	2.36	17.40	7.55	19.90	6.00	2.94	6.06	59.85	
1998	1997	15.04	2.06	17.10	7.61	18.88	6.00	2.94	7.43	59.96	
1999	1998	15.04	2.06	17.10	7.61	18.94	6.00	2.94	7.41	60.00	
2000	1999	14.90	2.06	16.96	7.61	19.52	6.00	2.92	7.36	60.37	
2001	2000	14.90	2.06	16.96	7.61	19.04	6.00	2.92	7.62	60.15	
2002	2001	14.40	2.06	16.46	7.61	19.10	6.00	3.89	7.59	60.65	
2003	2002	14.90	1.03	15.93	8.11	19.01	6.00	3.87	8.34	61.26	
2004	2003	14.90	1.03	15.93	8.11	19.06	5.00	3.85	8.89	60.84	
2005	2004	14.90	.98	15.88	8.10	20.65	6.00	3.84	8.83	63.30	
2006	2005	14.90	.98	15.88	8.18	20.40	6.00	3.81	8.78	63.04	

Notes: (1) Rates for Ingham County and Lansing School District only.

- (2) Since 1995 this is the Non-homestead rate.
- (3) Includes Intermediate School, Airport Authority, Capital Area Transit Authority and Capital Area District Library (began in FY 98).

Schedule 7 City of Lansing Principal Property Tax Payers Last Six Fiscal Years

2004	I Rank	П	2	5	4		∞	9	10	7		∞	6		
	Total Assessed Valuation	\$ 223,100,800	31,786,400	22,043,400	23,029,300		13,454,600	15,544,200	13,198,200	13,724,200		25,976,200	13,391,600		
	Percentage of Total Assessed Valuation	8.69%	1.35%	0.92%	0.74%		0.60%	0.52%	0.50%	0.47%	0.41%	1.12%			
2005	Rank	П	2	5	4		∞	9	6	7	10	33			
	Taxable Assessed Valuation	\$205,316,035	31,901,307	21,840,336	17,517,336		14,089,100	12,266,173	11,730,037	11,061,457	9,606,596	26,573,652			
	Percentage of Total Assessed Valuation	6.85%	1.37%	0.90%	0.77%	0.55%	0.55%	0.54%	0.51%	0.50%	0.42%				
2006	Rank	-	2	33	4	5	9	7	8	6	10				
	Taxable Assessed Valuation	\$161,917,774	32,393,347	21,227,570	18,095,407	12,999,700	12,932,365	12,670,707	12,117,127	11,921,155	9,923,613	ı			
	Тахрауег	General Motors	Jackson National Life Insurance Company	Consumers Energy	Capitol Outlook LLC	Delta Township Utilities	Sprint Spectrum L.P.	Lansing Retail Center LLC	Trappers Cove LTD Partners	Accident Fund Company	Heart of the City Assoc	525 Redevco Inc	Cricket Communications	Victor IV Partnership	State of Michigan
											-11	1-			

9.75% 1.39% 0.96% 1.01%

Percentage

Assessed Valuation of Total

0.59%

0.68% 0.58% 0.60%

1.14% 0.59%

Schedule 7 City of Lansing Principal Property Tax Payers (Concluded) Last Six Fiscal Years

2001	Percentage of Total Assessed Name Valuation	000 1 10.91%	000 2 2.14%	800 3 1.08%	600 4 0.98%			200 6 0.69%	300 7 0.64%	300 8 0.58%	800 9 0.54%	000 10 0.52%			900 5 0.86%
	Total Assessed Valuation	\$ 210,124,000	41,238,000	20,779,800	18,805,600			13,311,200	12,364,300	11,181,300	10,461,800	10,000,000			16.488.900
	Percentage of Total Assessed Valuation	10.35%	1.59%	1.36%	1.00%			0.70%	0.59%	0.61%	0.55%	1.17%		0.45%	
2002	Rank	-	2	æ	5			9	∞	7	6	4		10	
	Total Assessed Valuation	\$216,957,400	33,398,500	28,554,300	20,900,100			14,584,800	12,364,300	12,815,200	11,593,000	24,586,400		9,408,300	
	Percentage of Total Assessed Valuation	10.34%	1.25%	0.96%	1.08%		0.54%	0.67%	0.58%	0.59%	0.52%	1.21%			
2003	Rank	_	2	5	4		6	9	∞	7	10	3			
	Total Assessed Valuation	\$228,595,000	27,653,500	21,326,600	23,811,500		11,877,000	14,750,900	12,881,700	13,108,100	11,438,900	26,854,700			
	Taxpaver	General Motors	Jackson National Life Insurance Company	Consumers Energy	Capitol Outlook LLC	Delta Township Utilities	Sprint Spectrum L.P.	Lansing Retail Center LLC	Trappers Cove LTD Partners	Accident Fund Company	Heart of the City Assoc	525 Redevco Inc	Cricket Communications	Victor IV Partnership	State of Michigan

Schedule 8
City of Lansing
Property Tax Levies and Collections
Last Ten Fiscal Years

		Collected with Fiscal Year of th			Total Collections to Date				
30-Jun	Taxes Levied for the Fiscal Year	Current Tax Collection	Percent of Levy Collected	Delinquent Tax Collection	Total Tax Collection	Collections as a Percent of Levy			
1997	\$33,626,394	\$33,561,067	99.81%	\$11,500	\$33,572,567	99.84%			
1998	33,360,681	33,269,198	99.73%	(402)	33,268,796	99.72%			
1999	34,984,481	34,887,287	99.72%	70,749	34,958,036	99.92%			
2000	35,027,907	34,886,808	99.60%	48,074	34,934,882	99.73%			
2001	35,547,497	35,330,288	99.39%	18,522	35,348,810	99.44%			
2002	36,357,748	36,208,985	99.59%	59,625	36,268,610	99.75%			
2003	37,310,656	37,041,662	99.28%	(97,842)	36,943,820	99.02%			
2004	38,267,514	37,826,436	98.85%	58,255	37,884,691	99.00%			
2005	40,051,303	39,429,093	98.45%	137,727	39,566,820	98.79%			
2006	41,261,397	41,022,735	99.42%	77,747	41,100,483	99.61%			

⁽¹⁾ Net of chargebacks from the County Tax Revolving Funds for taxes still delinquent after three years.

Schedule 9
City of Lansing
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Go	overnmental A	ctivities		Busii		_		
Fiscal Year	General Obligation Bonds	Special Assessment Debt	Lease Purchases	Loans	General Obligation Bonds	Revenue Bonds	Lease Purchases	Loans	Total Primary Government
1997	\$64,959,000	\$457,000	\$12,900,000	\$910,000	\$15,351,000	\$106,990,000	\$111,000	\$0	\$201,678,000
1998	66,473,000	306,000	12,767,000	549,000	18,215,000	103,960,000	65,000	0	202,335,000
1999	43,643,000	170,000	12,733,000	151,000	41,411,000	105,595,000	18,000	0	203,721,000
2000	21,090,000	140,000	11,501,000	0	49,330,000	101,800,000	0	0	183,861,000
2001	17,310,000	115,000	12,135,000	650,000	55,069,000	97,845,000	0	0	183,124,000
2002	33,668,000	90,000	11,266,000	650,000	123,022,000	32,705,000	0	0	201,401,000
2003	29,553,133	65,000	11,043,847	534,329	129,302,048	29,230,000	0	0	199,728,357
2004	25,078,133	45,000	9,858,752	408,283	158,303,225	55,375,000	0	4,179,649	253,248,042
2005	13,320,000	35,000	8,396,154	1,543,195	165,029,785	51,710,000	0	4,180,000	244,214,134
2006	17,245,000	25,000	7,351,126	1,409,844	168,824,004	47,905,000	0	4,180,000	246,939,974

Schedule 10
City of Lansing
Ratios of General Bonded Debt Outstanding
Last Six Fiscal Years

					Debt			
					Payable			
					From		Ratio of	
Fiscal				Debt	Enterprise		Net Bonded	Net
Year				Service	Revenues		Debt to	Bonded
Ended		Taxable	Gross Bonded	Monies	& Special	Net Bonded	Taxable	Debt per
30-Jun	Population(1)	Value(3)	Debt(2)	Available	Assessments	Debt	Value	Capita
2001	119,128	\$1,926,602,629	\$128,819,227	\$266,393	\$93,171,094	\$35,381,740	0.0184	\$297
2002	119,128	2,095,936,149	135,999,133	28,496	102,232,751	33,737,886	0.0161	283
2003	119,128	2,211,346,544	140,043,000	7,524	110,419,899	29,615,577	0.0134	249
2004	119,128	2,287,811,884	166,581,000	42,852	145,505,724	21,032,424	0.0092	177
2005	119,128	2,363,993,421	178,349,785	4,400	165,029,785	13,315,600	0.0056	112
2006	119,128	2,429,206,976	186,094,004	88,826	168,849,004	17,156,174	0.0071	144

NOTE:

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

Schedule 11 City of Lansing Direct and Overlapping Governmental Activities Debt As of June 30, 2006

Name of Governmental Unit	Obli	Vet General gation Bonded Debt Dutstanding		% Applicable to City		Amount Applicable to City		
Direct - City	\$	24,074,307	(1)	100.00%	\$	24,074,307		
Overlapping								
Eaton Intermediate School District		1,850,000		0.85%	\$	15,725		
Waverly School District		43,770,000		0.25%		109,425		
Lansing School District		72,390,000		85.30%		61,748,670		
East Lansing School District		83,632,243		4.35%		3,638,003		
Holt School District		108,895,865		2.97%		3,234,207		
Ingham Intermediate School District		-		27.06%		-		
Ingham County		33,777,786		31.13%		10,515,025		
Eaton County		13,881,938		2.13%		295,685		
Lansing Community College		56,405,000		22.83%		12,877,262		
Okemos School District		41,873,000		2.87%		1,201,755		
Grand Ledge		53,620,000		1.71%		916,902		
Total Overlapping Debt					_	94,552,658		
Total Direct and Overlapping Debt					\$	118,626,965		

⁽¹⁾ Excluding general obligation bonds reported in the enterprise funds, special assessment debt with government commitment and amount available for repayment in the debt service fund.

Schedule 12 City of Lansing Legal Debt Margin Information Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value, real and personal property		\$3,006,831,213
Assessed value equivalents		136,244,900
Total valuation	-	3,143,076,113
Legal debt margin		
Debt limitation - 10 percent of total valuation		314,307,611
Debt applicable to limit		
Total City Bonded Debt		233,999,004
Add City Share:		
Drain Commission-County Issued		229,776
Joint Building Authority-County Issued		6,133,077
Brownfield Redevelopment Authority		2,225,000
TIF Supported Bonds	<u>_</u>	6,918,133
	_	249,504,990
Less:		
Special Assessment Bonds	(\$25,000)	
Michigan Transportation (MTF) Bonds	(1,600,000)	
Sewage Disposal Revenue Bonds	(47,905,000)	
Pollution Abatement (CSO Project) Bonds	(96,879,004)	(146,409,004)
Total net debt applicable to limit	_	103,095,986
Legal debt margin	<u>_</u>	\$211,211,625

Fiscal Year										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 192,395,800	\$ 192,592,070	\$ 205,063,128	\$ 212,623,130	\$ 237,216,205	\$ 256,314,667	\$ 273,340,110	\$289,486,027	\$ 302,811,105	\$ 314,307,611
Total net debt applicable to limit	86,415,828	86,274,817	100,429,777	85,744,355	81,504,924	73,872,709	70,893,614	87,171,139	75,882,359	103,095,986
Legal debt margin	\$ 105,979,972	\$ 106,317,253	\$ 104,633,351	\$ 126,878,775	\$ 155,711,281	\$ 182,441,958	\$ 202,446,496	\$202,314,888	\$ 226,928,746	\$ 211,211,625
Total net debt applicable to the limit as a percentage of debt limit	44.92%	44.80%	48.98%	40.33%	34.36%	28.82%	25.94%	30.11%	25.06%	32.80%

Schedule 13 City of Lansing Pledged-Revenue Coverage Last Ten Fiscal Years

	Parking System Bonds							Sewage Disposal Bonds						
Fiscal Year		Direct	Net Revenue						Direct	Net Revenue				
Ended	Gross	Operating	Available for	D	ebt Service Re	quirements		Gross	Operating	Available for	Debt	Service Requ	irements	
30-Jun	Revenue	Expenses(2)	_ Debt Service	Principal	Interest	Total	Coverage (1)	Revenue	Expenses(2)	Debt Service	Principal	Interest	Total	Coverage(1)
1997	\$7.031.243	\$3,329,415	\$ 3.701.828	\$595,000	\$ 1.402.952	\$ 1.997.952	1.85	\$ 20,137,924	\$ 10.113.705	\$ 10.024.219	\$ 2.100,000	\$ 2.750.865	\$ 4.850.865	2.07
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1998	6,848,019	3,257,757	3,590,262	625,000	1,373,545	1,998,545	1.80	20,867,394	10,004,525	10,862,869	2,235,000	2,624,340	4,859,340	2.24
1999	7,085,473	3,597,530	3,487,943	655,000	1,258,195	1,913,195	1.82	21,107,381	9,996,022	11,111,359	2,370,000	2,492,280	4,862,280	2.29
2000	7,490,165	3,993,315	3,496,850	690,000	1,143,550	1,833,550	1.91	21,623,804	10,528,286	11,095,518	2,180,000	1,656,475	3,836,475	2.89
2001	8,029,967	3,773,187	4,256,780	720,000	1,109,988	1,829,988	2.33	24,193,795	10,574,104	13,619,691	3,065,000	1,976,600	5,041,600	2.70
2002	7,763,065	3,750,268	4,012,797	755,000	1,073,858	1,828,858	2.19	25,841,763	10,592,681	15,249,082	3,190,000	1,854,090	5,044,090	3.02
2003	7,642,684	3,667,542	3,975,142	795,000	1,035,228	1,830,228	2.17	26,963,775	11,209,711	15,754,064	3,320,000	1,723,253	5,043,253	3.12
2004	7,504,144	3,872,290	3,631,854	835,000	1,762,629	2,597,629	1.40	26,196,518	11,543,509	14,653,009	3,475,000	1,723,253	5,198,253	2.82
2005	7,728,468	4,018,913	3,709,555	880,000	1,927,704	2,807,704	1.32	26,601,646	12,775,001	13,826,645	3,715,000	1,786,328	5,501,328	2.51
2006	12,855,727	3,945,472	8,910,255	5,405,000	1,737,215	7,142,215	1.25	27,932,464	12,867,761	15,064,703	3,805,000	2,036,736	5,841,736	2.58

⁽¹⁾ Coverage is defined as net revenue available for debt service divided by debt service requirements.

⁽²⁾ Operating expenses less depreciation.

Schedule 14
City of Lansing
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population(1)	Personal Income	Per capita Personal Income(5)	Median Age(2)	School Enrollment(3)	Unemployment % Rate(4)	Labor Force(4)
1997	127,400	\$2,285,810,800	\$17,942	31.40	20,013	2.9	66,275
1998	127,400	2,285,046,400	17,936	31.64	19,049	4.1	66,425
1999	127,400	2,284,282,000	17,930	31.88	18,443	4.2	66,550
2000	119,100	2,134,748,400	17,924	31.40	17,836	4.7	68,300
2001	119,100	2,134,036,817	17,918	31.56	17,586	4.5	67,725
2002	119,100	2,133,325,472	17,912	31.72	17,490	5.6	67,700
2003	119,100	2,132,614,363	17,906	31.88	17,600	6.7	65,325
2004	119,100	2,131,903,492	17,900	31.96	16,927	7.0	63,750
2005	119,100	2,131,192,857	17,894	32.00	16,201	9.0	68,041
2006	119,100	2,130,460,800	17,888	32.16	16,014	8.4	67,023

- (1) Population per decennial census by the U.S. Census Bureau.
- (2) 2000 data from U.S. Census Bureau. Data for other years estimated by City of Lansing Finance Department.
- (3) Annual school census from the Lansing School District.
- (4) Michigan Department of Career Development: Employment Service Agency Labor Market Information.
- (5) Personal income for 2000 and 2005 from the U.S.Census Bureau. The other years were extrapolated from 2000 and 2005.

Schedule 15 City of Lansing Principal Employers,

		2006	
			Percentage of Total City
Employer	Employees	Rank	Employment
	(1)		(2)
State of Michigan	14,355	1	6.04%
Michigan State University	10,500	2	4.42%
General Motors	6,300	3	2.65%
Sparrow Health System	6,000	4	2.52%
Lansing Community College	3,180	5	1.34%
Ingham Regional Medical Center	2,500	6	1.05%
Lansing School District	2,106	7	0.89%
Meijer	2,000	8	0.84%
Auto Owners Insurance	1,500	9	0.63%
Peckham, Inc.	1,400	10	0.59%

⁽¹⁾ Data is representative of the Greater Lansing Region(2) Based on a Greater Lansing Region employment of 237,788

Schedule 16 City of Lansing Full-time Equivalent City Governmental Employees by Function/Program June 30, 2006

Function/Program **General Government** City Clerk 7 City Council 16 **District Court** 64 Finance 51 **Human Relations and Community Services** 8 Law 9 Mayor's Office 12 **Management Services** 62 Personnel Services 18 Transportation 10 Planning and Neighborhood Development 51 Public Safety Police officers 309 Police civilians 57 Firefighters and officers 227 Fire civilians 6 **Public Works O&M Public Works** 95 Service Garage 17 Engineering 17 Recreation 74 48 Sewage Disposal Parking System 54 Cemetery 11 Golf 35 Garbage and Recycling 35 Potter Park Zoo 19

Schedule 17 City of Lansing Operating Indicators by Function/Program Fiscal Year ended June 30, 2006

Function/Program

Public Safety	
Fire Department responses	14,869
EMS related	12,152
Fire related	2,117
Police Department responses	87,551
Arrests	7,479
Traffic violations	30,948
Public Works	
Potholes filled	494
Streets resurfaced (miles)	27
Recreation	
Recreation participation	38,878
Pavillion rentals	602
Sewage Disposal	
Average amount processed daily (gal)	15 million
Parking System	
Average number of monthly permits	4,073
Parking tickets issued	82,221
Cemetery	
Lots sold	104
Golf	
Annual rounds played	57,256
Garbage and Rubbish	
Yards sent to landfill	30,517
Recycling	
Recycled goods sold (tons)	9,386
Yards composted	21,304
Potter Park Zoo	
Annual attendance	96,659

Schedule 17 City of Lansing Capital Asset Statistics by Function/Program June 30, 2006

Function/Program

Public Safety	
Police Stations	3
Police Patrol Units	55
Fire Stations	9
Public Works	
Streets (miles)	409.89
Traffic signals	194
Recreation	
Park acreage	2,219.63
Playgrounds	76
Baseball/softball fields	61
Soccer/football fields	6
Community centers	4
Sewage Disposal	
Sanitary sewers (miles)	338
Storm sewers (miles)	217
Combined sewers (miles)	208
Parking System	
Ramps	5
Lots	15
Meters	2,489
Cemetery	
Number of cemeteries	3
Golf	•
Number of courses	3
Acreage	318
Garbage and Rubbish Refuse collection trucks	20
	20
Recycling truels	10
Recycling trucks Potter Park Zoo	10
Number of animals	403
inullibel of affillials	403