Michigan Department of Treasury
4886 (08-12)

Economic Vitality Incentive Program/County Incentive Program Certification of Accountability and Transparency

Issued under authority of 2012 Public Act 200. Filing is mandatory to qualify for payments.

Each city/village/township/county applying for Accountability and Transparency payments must:

1. Certify to the Michigan Department of Treasury (Treasury) that the local unit listed below has produced and made readily available to the public, a citizen's guide, a performance dashboard, and a projected budget report as required by 2012 Public Act 200. The citizen's guide, performance dashboard, and projected budget report shall be made available for public viewing in the clerk's office or posted on a publicly accessible Internet site.
2. Submit to Treasury a citizen's guide, a performance dashboard, and a projected budget report.

City/village/township: This certification, along with a citizen's guide, a performance dashboard, and a projected budget report, **must be received by October 1, 2012** to receive the October and December payments or on or before November 30, 2012 to receive the December payment. Post mark dates will not be considered. For questions, call (517) 373-2697.

County: This certification, along with a citizen's guide, a performance dashboard, and a projected budget report, **must be received by October 1, 2012** (or the first day of a payment month) in order to qualify for that month's payment. Post mark dates will not be considered. For questions, call (517) 373-2697.

PART 1: LOCAL UNIT INFORMATION		
Local Unit Name City of Lansing		Local Unit County Name Ingham
Local Unit Code 332020		Contact E-Mail Address cgamble@lansingmi.gov
Contact Name Chad Gamble	Contact Title Chief of Operations	Contact Telephone Number (517) 483-4141
Website Address, if reports are available online www.lansingmi.gov		

PART 2: CERTIFICATION	
In accordance with 2012 Public Act 200, the undersigned hereby certifies to Treasury that the above mentioned local unit has produced a citizen's guide, a performance dashboard, and a projected budget report and has made them available for public viewing in the city, village, township, or county clerk's office or has posted them on a publicly accessible Internet site. The citizen's guide, performance dashboard, and projected budget report are attached to this signed certification.	
Chief Administrative Officer Signature (as defined in MCL 141.422b)	Printed Name of Chief Administrative Officer (as defined in MCL 141.422b) Virg Bernero
Title Mayor	Date 9/28/2012

Completed and signed form (including required attachments) should be e-mailed to: **TreasRevenueSharing@michigan.gov**

If you are unable to submit via e-mail, mail the completed form and required attachments to:

Michigan Department of Treasury
Office of Revenue and Tax Analysis
PO Box 30722
Lansing MI 48909

TREASURY USE ONLY		
EVIP/CIP Y N	Certification Received	EVIP/CIP Notes
Final Certification	Dashboard Received	
	Citizen's Guide Received	
	Projected Budget Report Received	

City of Lansing General Fund
Projected Budget Report
Local Unit Government Code: 332020

Fiscal Year Ended:	June 30, 2013	June 30, 2014		
	Current Year Budget	Next Year Projection	Percentage Change	Assumptions
REVENUES				
Property Taxes	38,023,752	34,323,752	-9.7%	Projected change in property values
Income Tax	29,050,000	29,250,000	0.7%	Small projected increase for improvement in employement levels
Other Taxes	-	-		
State Revenue Sharing	13,882,048	14,382,048	3.6%	State FY13 forecast plus small projected increase sales tax revenue
Fines & Fees	11,815,510	11,815,510	0.0%	
Licenses & Permits	1,514,590	1,514,590	0.0%	
Interest Income	90,000	90,000	0.0%	
Other Revenues	17,489,100	17,489,100	0.0%	
Interfund Transfers (In)	65,000	65,000	0.0%	
Total Revenues	**111,930,000**	**108,930,000**	**-2.7%**	
EXPENDITURES				
General Government	12,193,862	12,851,000	5.4%	See Assumptions Below
Police & Fire	64,536,741	69,231,000	7.3%	
Courts	5,639,759	5,818,000	3.2%	
Recreation & Culture	8,801,400	9,314,000	5.8%	
Community & Economic Development	5,120,279	5,363,000	4.7%	
Public Service	9,195,779	9,743,000	6.0%	
Capital	3,643,880	3,768,000	3.4%	
Debt Service	1,480,764	1,618,000	9.3%	
Transfers to other Funds	1,317,536	2,466,000	87.2%	Anticipated new subsidy to Tax Increment Financing Authority
Anticipated Cost Reduction Measures [1]	-	(11,242,000)		
	111,930,000	108,930,000	**-2.7%**	

[1] It is the intention of the Mayor to present a balanced budget for FY 2014 that does not use reserves.

Expenditure Assumptions:
- 40-hour workweek (FY 2013 has a 26-workday reduction for non-sworn personnel)
- Wages and fringe benefits are based on projected costs for current employees and funded vacancies. Both healthcare and pension costs are expected to increase $2 million and $2.5 million respectively.
- Departmental operating (non-personnel) costs assume a 2% increase with the exception of utilities, which assume a 7% increase

City of Lansing General Fund
Debt Service Requirements - General Fund
Local Unit Government Code: 332020
Fiscal Year Ended: June 30

	Debt Type	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
1998 Police Firing Range	G.O. - LT											
Principal		130,000	135,000	140,000	150,000	160,000	165,000	-	-	-	-	-
Interest		41,300	36,100	29,350	23,750	16,250	8,250	-	-	-	-	-
		171,300	171,100	169,350	173,750	176,250	173,250	-	-	-	-	-
2006 Lansing Center Upgrades	G.O. - LT											
Principal		230,000	240,000	250,000	260,000	275,000	285,000	295,000	310,000	320,000	335,000	-
Interest		112,550	104,040	95,160	85,660	75,520	64,520	53,120	41,025	28,005	14,405	-
		342,550	344,040	345,160	345,660	350,520	349,520	348,120	351,025	348,005	349,405	-
2006 Lansing Center Equipment	IPC											
Principal		8,812	9,197	9,598	4,955	-	-	-	-	-	-	-
Interest		1,259	875	473	80	-	-	-	-	-	-	-
		10,071	10,071	10,071	5,036	-	-	-	-	-	-	-
2005 Lansing Center Carpet	IPC											
Principal		14,081	14,754	15,459	-	-	-	-	-	-	-	-
Interest		1,836	1,163	458	-	-	-	-	-	-	-	-
		15,917	15,917	15,917	-	-	-	-	-	-	-	-
2006 Lansing Center Energy Effic	IPC											
Principal		205,317	260,092	324,102	398,773	485,748	586,924	704,474	840,910	1,267,422	653,723	-
Interest		242,757	234,042	223,002	209,247	192,324	171,710	146,804	116,910	81,171	20,573	-
		448,074	494,134	547,104	608,020	678,072	758,634	851,278	957,820	1,348,593	674,297	-
2007 City Phone System	IPC											
Principal		51,336	53,502	55,760	58,113	60,565	-	-	-	-	-	-
Interest		11,785	9,619	7,361	5,008	2,556	-	-	-	-	-	-
		63,121	63,121	63,121	63,121	63,121	-	-	-	-	-	-

Virg Bernero, Mayor

City of Lansing, Michigan
Citizens' Guide to City Finances

This user guide provides an overview of the City's finances and financial position.
The guide is divided into four (4) sections:

		Page #
INTRODUCTION		1
SECTION 1:	General services supported mainly by tax revenues and grants	3
SECTION 2:	User fee-based services funded mainly through user fees and usage rates	7
SECTION 3:	City Staffing Levels	12
SECTION 4:	Long-Term Obligations (Debt, Pension and Retiree Healthcare Funding)	13

Information in this guide contains the most currently-available information and data. The Guide is updated as new data becomes available.

Additional information on the City's finances are available in the following resources on the City's website, www.lansingmi.gov:

- Financial statements - Comprehensive Annual Financial Report (CAFR) - provides a financial information as of the June 30 each year
- Budget Documents - provides the City's financial and service-level plan for each of the City's fiscal years.
- Citizen Dashboard - provides service-level performance indicators

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

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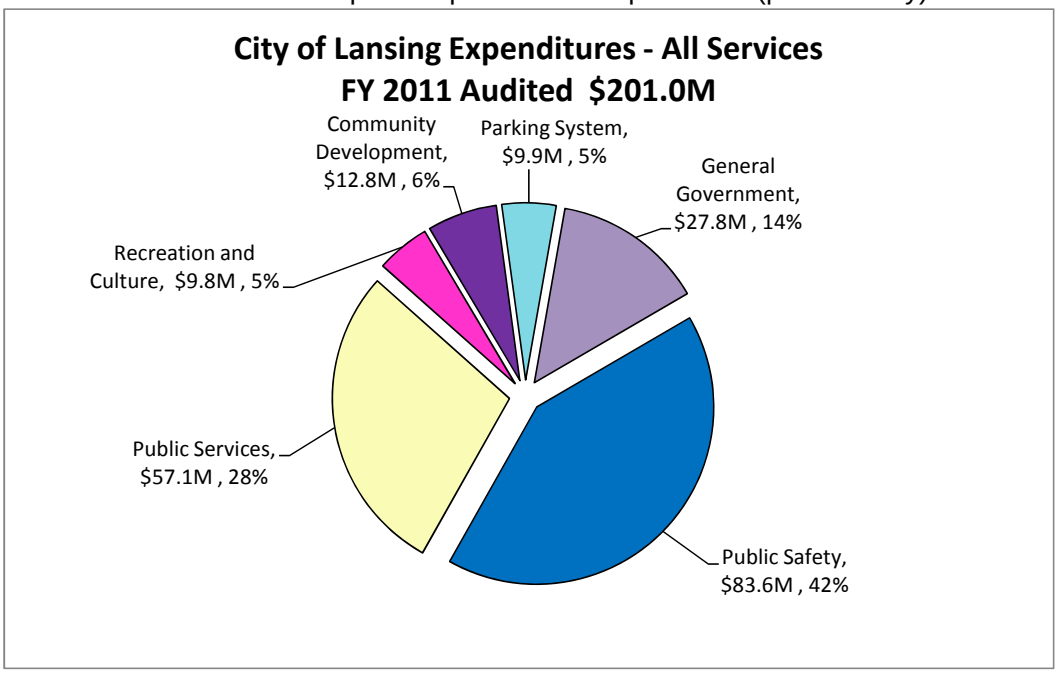
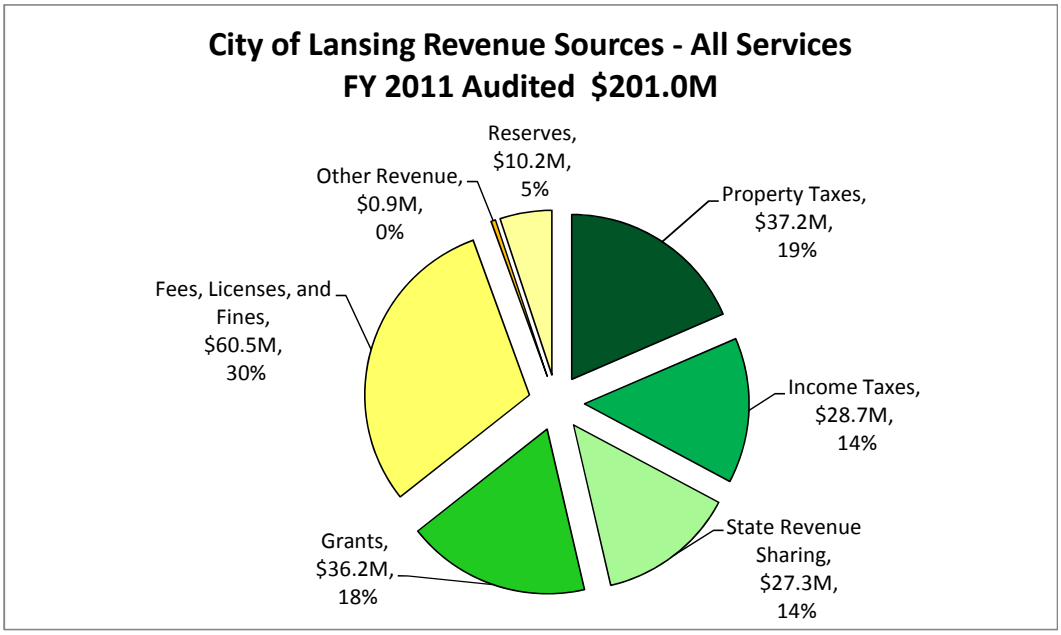
YOUR GOVERNMENT AT WORK

The City provides a broad array of services, including police and fire protection; sanitary sewers, storm sewers; over 400 miles of roads; 115 parks; a parking system; a District Court; community and neighborhood development; recreational opportunities; and support for human services and cultural events. Of all services, by far the most resources are spent on police and fire protection (public safety).

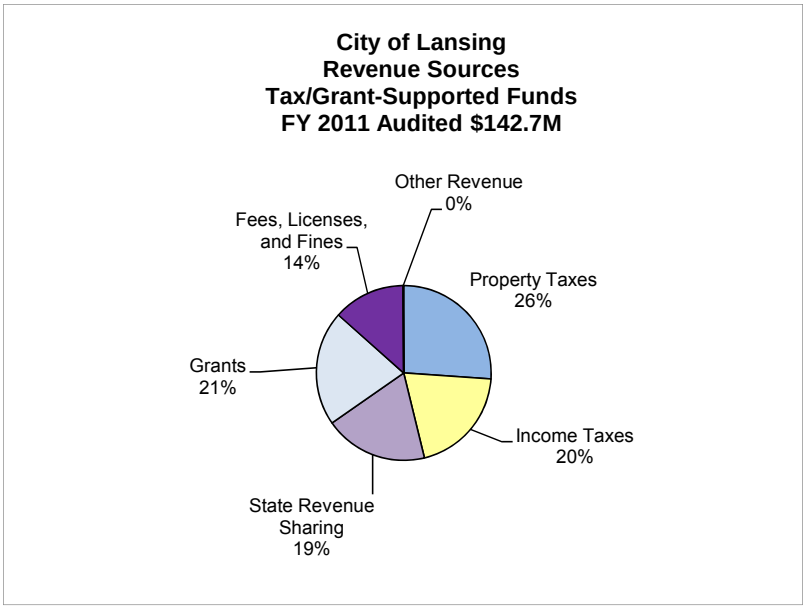


The three largest revenues sources for the City, in total, are taxes (33%), user fees/licenses/fines (30%), and State revenue sharing and grants (32%). While fees make up a significant portion of total revenues, the majority are attributable to the City's sanitary sewer and parking systems, which fund those respective operations.

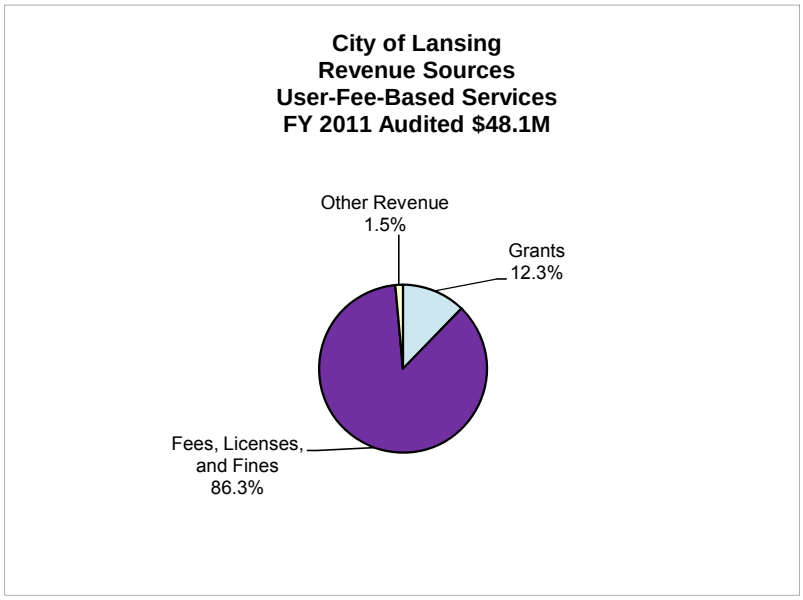


Funding for City services is characterized in two categories:

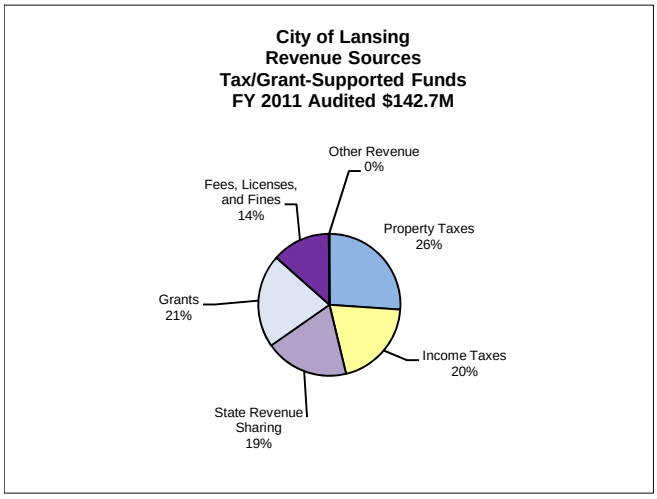
- General governmental services are supported by tax revenues and grants, with some funding coming from user-based fees. These services include police and fire protection, community development, parks and recreational programs, general government operations such as finance and human resources, and road maintenance.

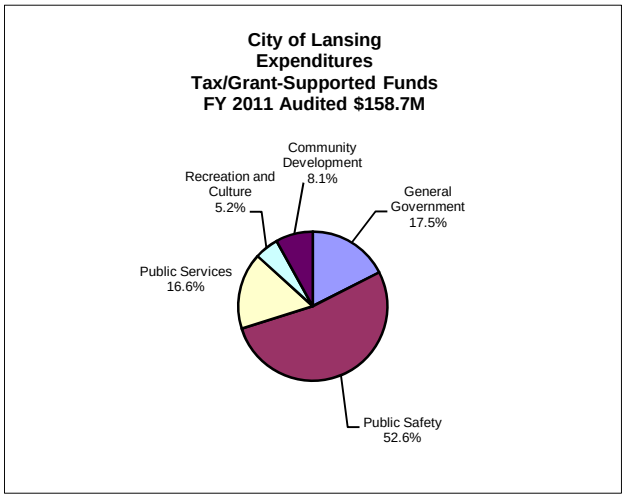


- User fee-based services are funded mainly through user fees and usage rates. The City's sanitary sewer system, parking system, golf operations, and refuse and recycling programs fall into this category.



SECTION 1:
General governmental services are those municipal services supported mainly by tax revenues and grants.





This group of services includes police and fire protection, parks and recreational activities, community and neighborhood development, storm sewer, sidewalk, and road maintenance and construction, and general government operations such as finance, human resources, and the Mayor's, City Council, City Clerk and City Attorney's offices.

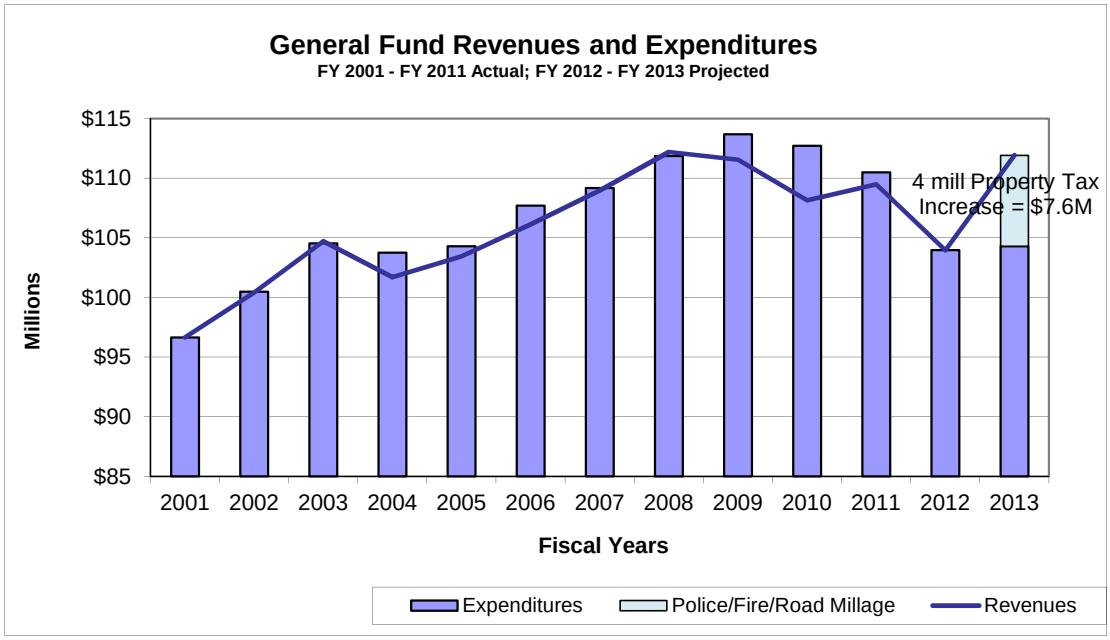
The main sources of funding for these services are property taxes, income taxes, State revenue sharing, and grants.

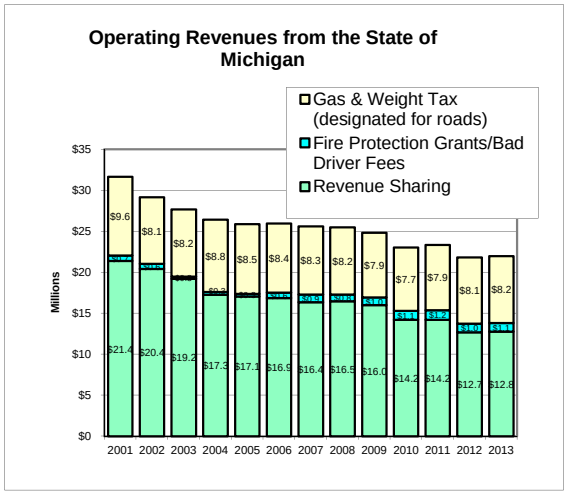
These services are reported in the City's financial statements in the category of funds known as "governmental" funds.

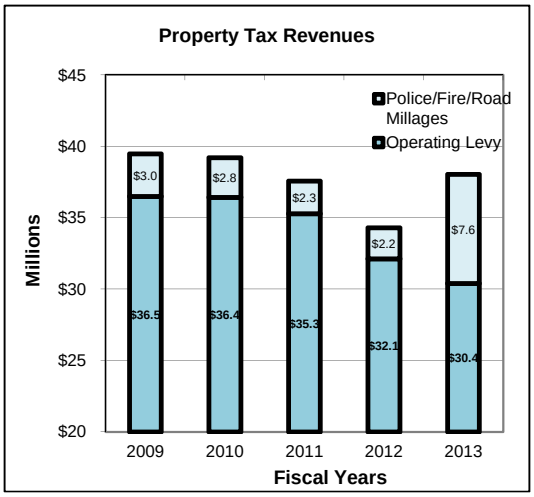
Information on the following pages is summarized to provide a concise view. More detailed information on each of these funds is available in the "Governmental" Funds section of the City's Comprehensive Annual Financial Report (CAFR) and annual Budget Documents.

Revenue Trends - General Governmental Services

Over the past several years, the City has seen a steady and significant decline in revenues from the State of Michigan. Revenues from the State support general operations (revenue sharing), the Fire Department (Fire Protection/Bad Driver Fees), and Roads (Gas & Weight Tax). These reductions, combined with the effects of declining property tax revenues since 2009, fluctuating income tax revenues, and escalating healthcare and pension costs, have resulted in significant fiscal challenges for the City and other municipalities. Because of these challenges, for FY 2013, voters approved a 4 mill property tax increase for police and fire protection and road maintenance funding.







Service-Level Changes/Revenue Enhancements Enacted In Response to Declining Revenues

In response to the challenges presented by declining General Fund revenues and increasing costs of pension and healthcare, Mayor Bernero has, since coming into office in 2006, proposed and implemented many different changes in City programs, staffing, and organization, including:

- Reducing the City's workforce by 378 (31%) since FY 2006, from 1,220 to 843
- Reducing hours of work for all non-emergency personnel
- Reducing city health insurance costs by negotiating increases in employee health insurance premium sharing, healthcare plan changes, and pension contributions
- Reducing city health insurance costs for Medicare-eligible retirees

- Reducing/postponing/eliminating capital projects, including roads and streets
- Reducing minimum staffing requirements for firefighters
- Reducing police overtime by reorganizing work schedules

- Closing 3 fire stations and eliminating associated costs
- Closing Waverly and Red Cedar Golf courses
- Closing Miller Road Senior Community Center
- Closing Washington Ice Dome and Scott House

- Consolidating functions within the City (grounds maintenance, engineering, fleet maintenance)
- Consolidating functions with other governments (911, dive team)
- Entering into cooperative agreements with other governments (police and fire training, purchasing, economic development)
- Expanding mutual aid agreements and shared services studies with adjoining municipalities

- Transferring management of Sycamore Driving Range and Fenner Nature Center to non-profits
- Eliminating leased space by consolidating police Patrol and Investigations Divisions
- Increasing fees
- Implementing new technology to improve efficiency (including cash receipting, code compliance, financial system upgrades, payroll system, computerized traffic ticket system, E-filing for income taxes)
- Increasing income tax compliance efforts (over $3M in additional uncollected revenue since February, 2007)
- Implementing energy efficiency measures in city buildings
- Implementing new restrictions on overtime, travel and hiring
- Instituting a voter-approved 4.0 mill property tax increase to mitigate further reductions to police, fire and road services

During this time, the City has maintained its focus on preserving and improving its economic base. The Mayor's economic team has worked tirelessly to retain and expand jobs, bringing income tax and property tax revenue into the City.

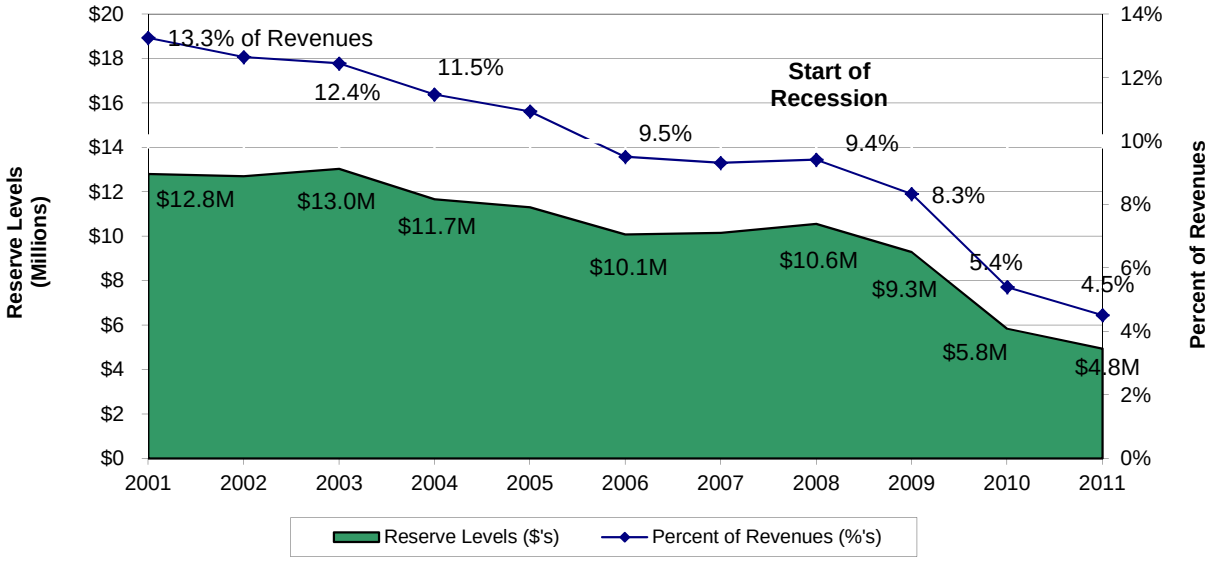
General Fund Reserves

The City's General Fund is a fund used for accounting purposes that accounts for activities mainly supported by tax revenue and State-shared revenues. (Grant are reported in separate funds in order to demonstrate legal compliance with grant requirements.)

"Reserves", also known as "fund balance", "budget stabilization fund", and "rainy-day funds", is the amount by which assets exceed liabilities. It can be thought of as a savings account -- there in case of emergency financial situations and to sometimes save up for major purchases.

Since FY 2007, General Fund budgets have been adopted without reliance on the use of reserves. Unfortunately, the severity of the economic downturn that started December, 2008 has resulted in larger-than-anticipated loss of revenues. Expenditures have been managed to lessen the impact on reserves (see page 5), but have not been enough to match the loss of revenue. Where the City's desire is to maintain General Fund reserve levels of 10% - 15% of revenues, reserve levels were 4.5% at the end of FY 2011.

General Fund Reserves



SECTION 2:
User Fee-based services those municipal services funded mainly through user fees and usage rates

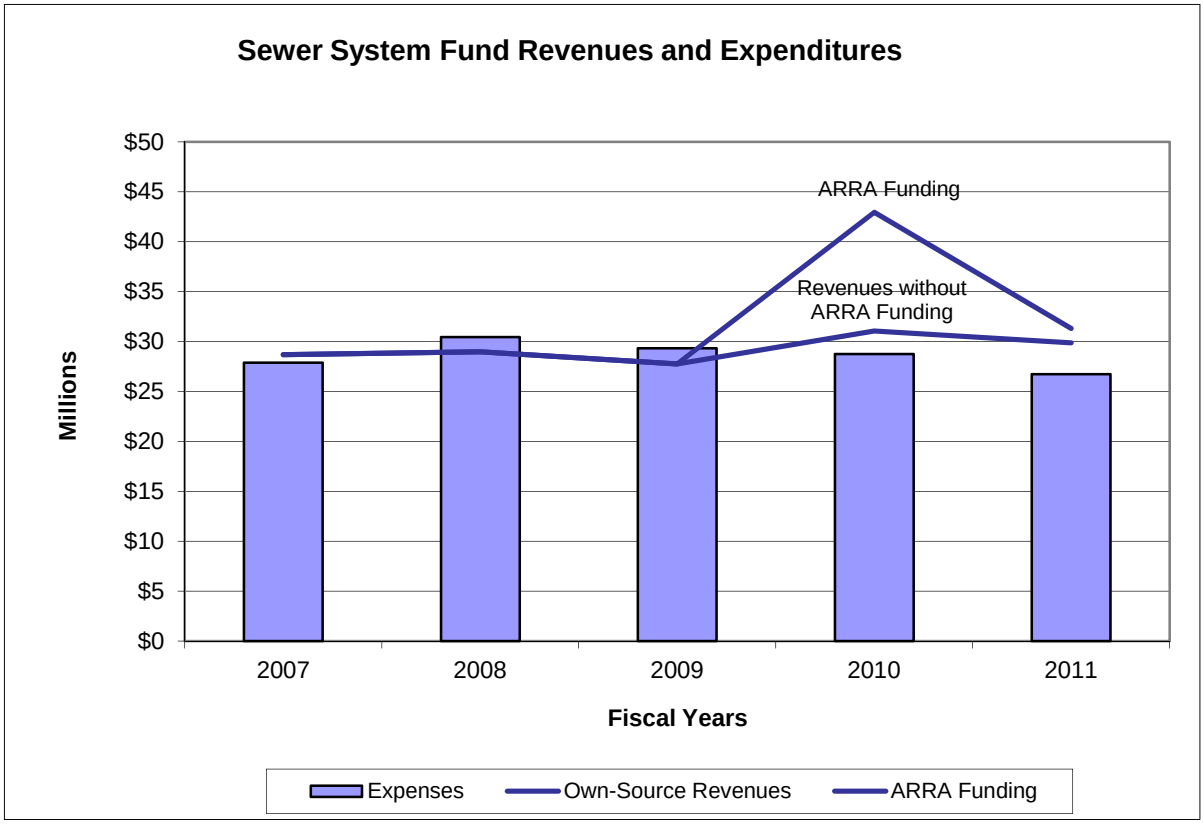
Services included in this section include the City's:

- Sanitary Sewer System
- Parking System
- Refuse (Garage Collection) Operations
- Recycling Operations
- Golf Course Operations
- Cemetery Operations

These services are reported in the City's financial statements in the category of funds known as "enterprise" and "proprietary" funds.

Information on the following pages is summarized to provide a concise view. More detailed information on each of these funds is available in Proprietary Fund section of the City's Comprehensive Annual Financial Report (CAFR) and annual Budget Documents.

Sanitary Sewer System

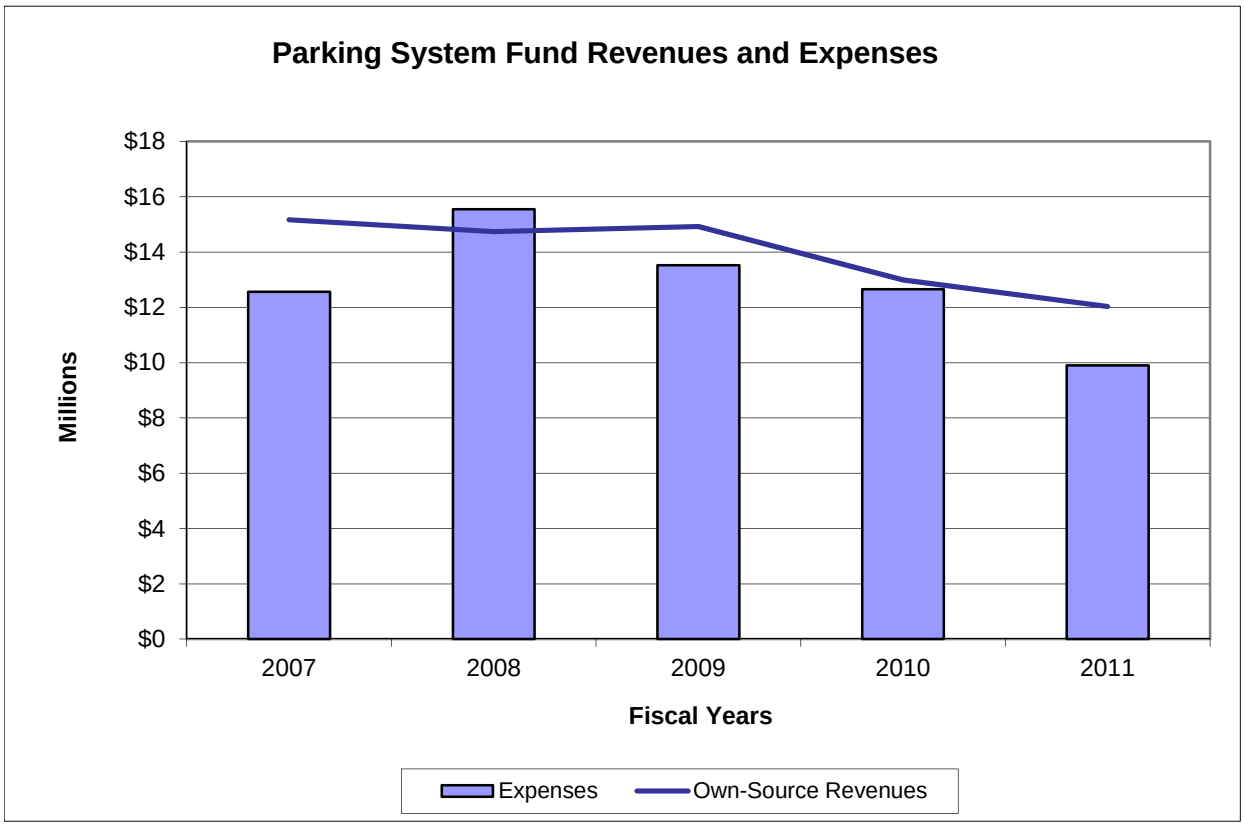


The City's sanitary sewer system invests heavily in infrastructure. Rates are structured to fund not only day-to-day operations, but to also fund capital maintenance and construction needed to operate the systems in the long-term. In some years, revenues exceed expenses and are "saved" for infrastructure needs. In years where heavy infrastructure maintenance and/or construction occurs, expenditures exceed revenues, and the amounts "saved up" are spent.

The City is required by federal and state mandates to separate sanitary sewer from storm sewers, in order to lessen the amount of sewage that flows into the Grand River during major storm events. This program, known as the Combined Sewer Operations (CSO) has resulted increasingly-large debt repayments (see page 16), requiring annual sewer rate increases.

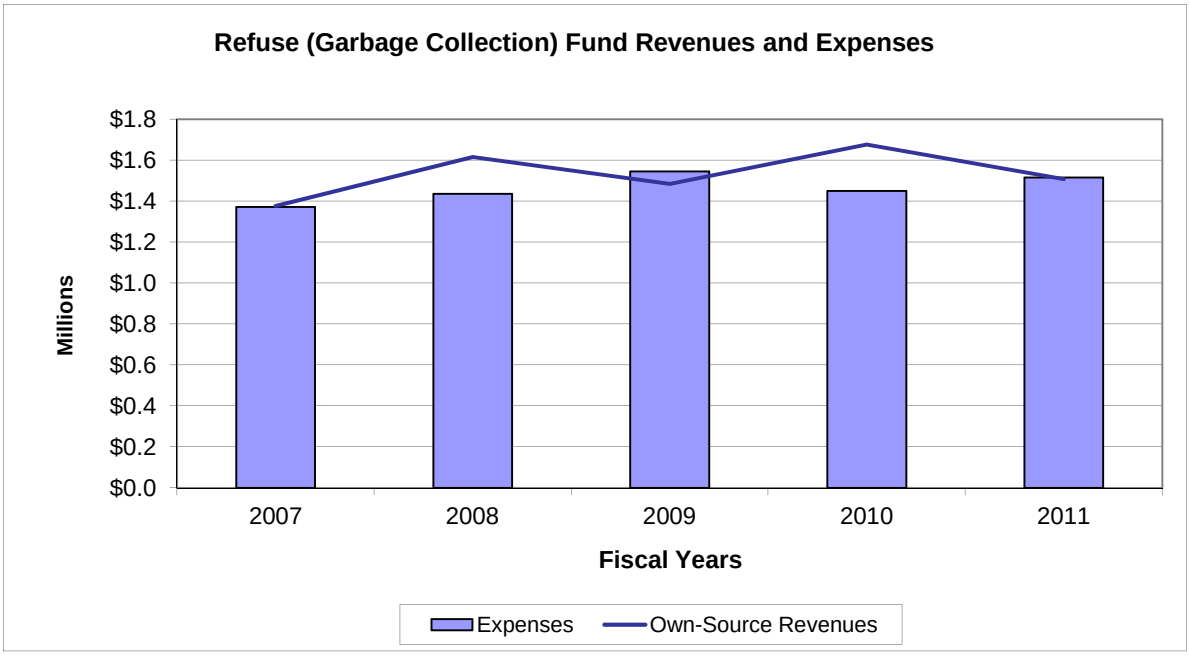
In FY 2010 through FY 2011, the sanitary sewer system received $13.3 million in federal stimulus from the American Recovery and Reinvestment Act (ARRA). This resulted in an influx of cash; however, that amount will be needed to repay debt for the federally-discounted loans.

Parking System



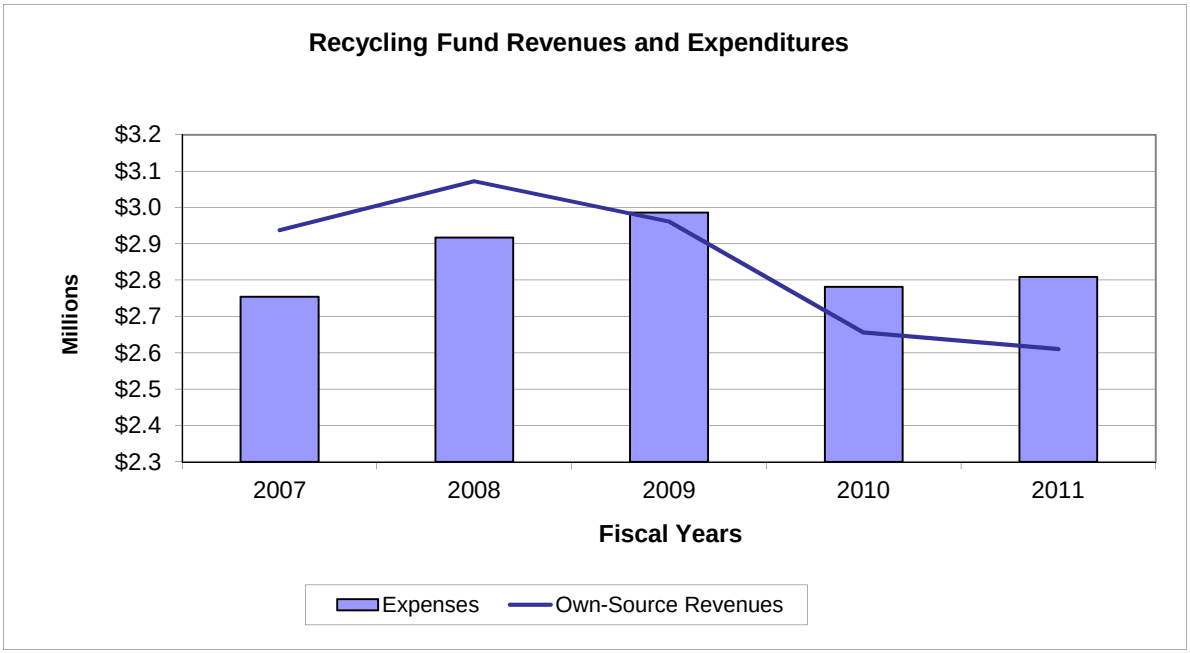
The City's parking system invests heavily in infrastructure, as the system supports various parking lots and four parking ramps. Rates are structured to fund not only day-to-day operations, but to also fund capital maintenance and construction needed to operate the system in the long-term, including structural repairs to parking ramps and ramp replacement. in the long-term. In some years, revenues exceed expenses and are "saved" for infrastructure needs. In years where heavy infrastructure maintenance and/or construction occurs, which was the case for fiscal year 2008, expenditures exceed revenues, and the amounts "saved up" are spent.

Garbage Collection and Recycling Systems

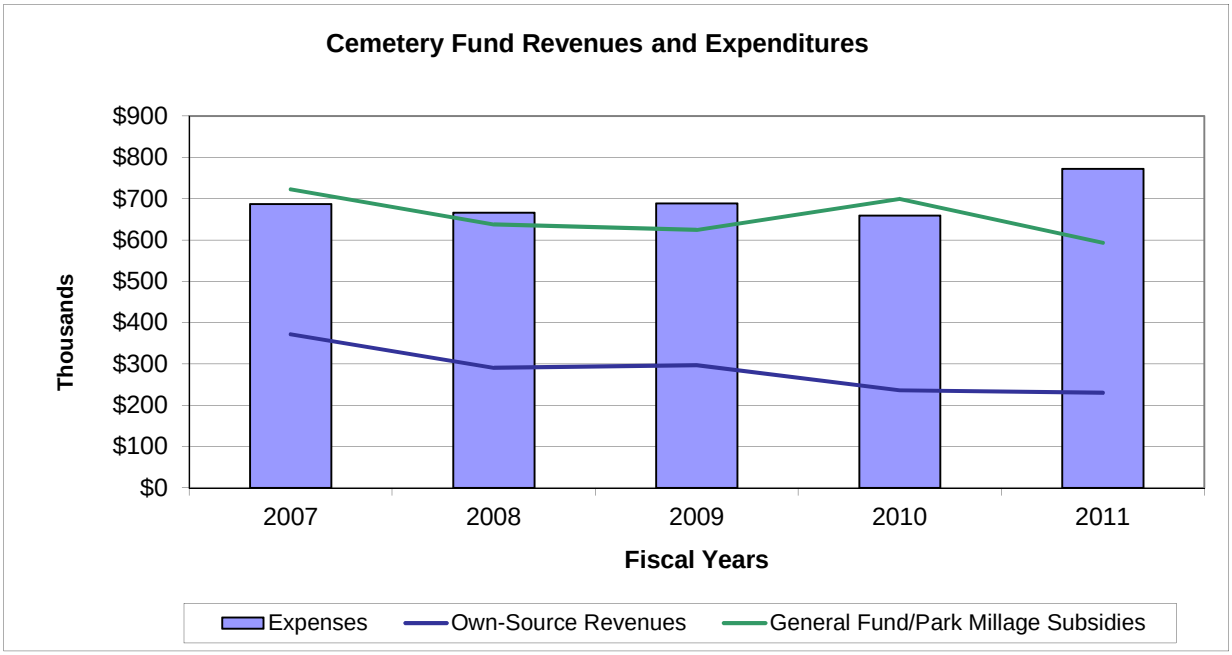


The City provides in-house garbage collection. The program is funded by user fees, based on the size of garbage container used. The City's residential recycling system, which converted this past year to single-stream, is funded by a recycling fee charged to residents. These programs are designed to encourage recycling and the reduction of waste being hauled to landfills.

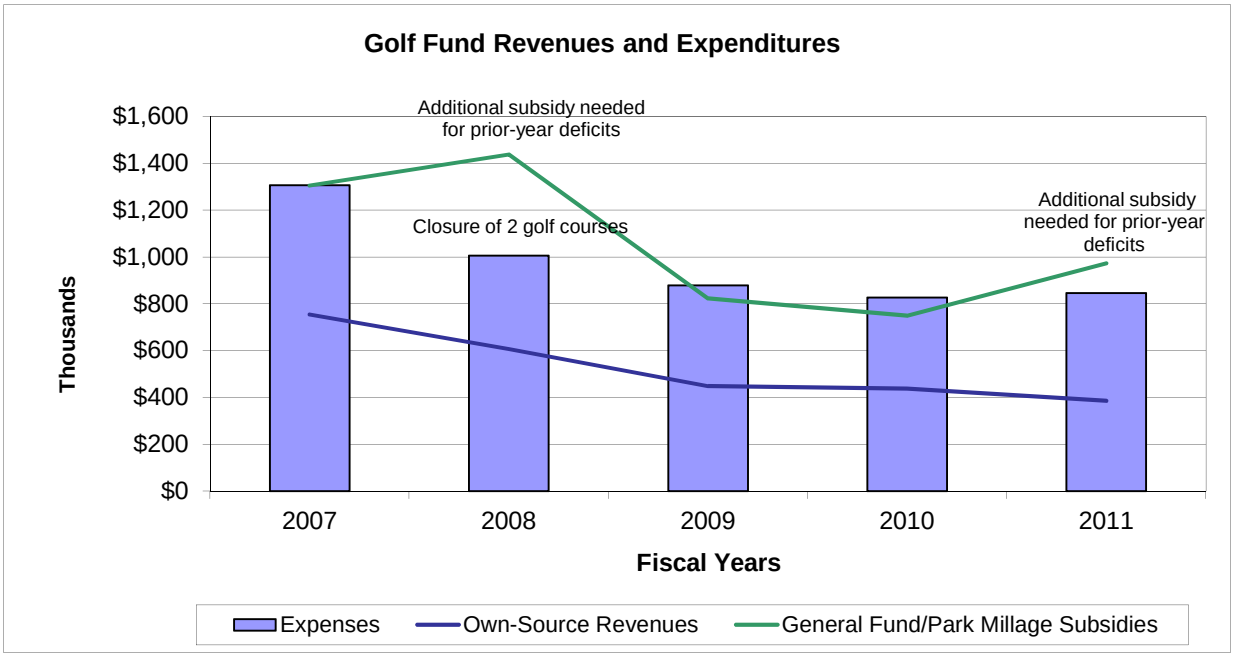
While not as capital-intensive as the sewer and parking systems, garbage collection rates and the recycling fee are designed to fund day-to-day operations as well as capital replacement for vehicles and equipment. As a result, revenues will exceed revenues in some years to build up funding for capital, and expenditures will exceed revenues in years where such capital is purchased.



Cemetery and Golf Operations

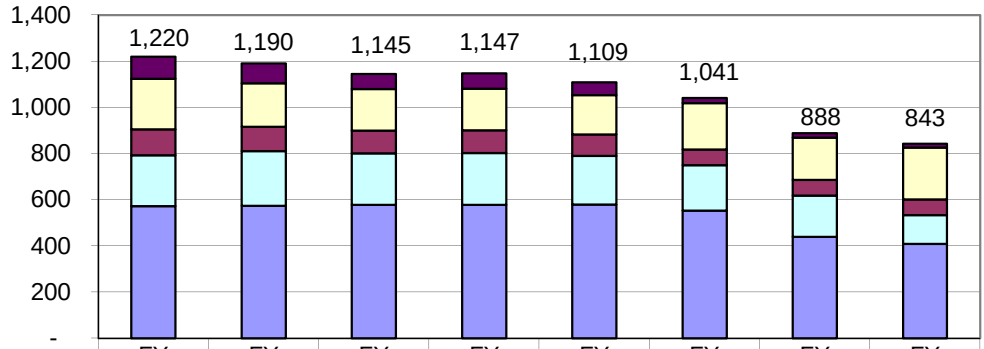


The City currently operates three (3) cemeteries, one 18-hole golf course, and a driving range. Cemetery and golf operations have both required heavy subsidies from the City's General Fund and Parks Millage Fund in recent years. To reduce these tax dollar subsidies, various measures have been adopted to reduce costs, including the closure of two formerly-City-operated golf courses, a partnership with the First Tee organization for the operation of the City's driving range, and the exploration of potential agreements to operate the City's cemeteries and remaining golf course.



SECTION 3: STAFFING

The following graph is for total City staffing. Staffing has decreased 31% from FY 2006 levels, as the City has been faced with declining revenues and inflationary pressures from healthcare and pension costs.



	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Recreation & Culture	96	86	65	66	56	22	19	17
Public Service	219	188	181	181	171	201	183	225
Community Development	112	106	98	98	92	69	68	67
General Government	221	237	224	224	211	196	179	125
Public Safety	572	573	577	578	579	553	439	409

Notes:

Recreation & Culture - 18 positions transferred to Ingham County with Zoo in FY 2008 with the passage of a County-wide zoo millage; 31 positions transferred from Recreation & Culture to Public Service in 2011 as part of a consolidation of grounds maintenance functions.

Public Service - 31 positions transferred from Recreation & Culture to Public Service in FY 2011 as part of a consolidation of grounds maintenance functions. Forty-five (45) positions transferred from General Government to Public Service for Property Management and Fleet Maintenance operations in FY 2013.

General Government - Forty-five (45) positions transferred from General Government to Public Service for Property Management and Fleet Maintenance operations in FY 2013.

Public Safety - The reduction in Public Safety staffing in FY 2013 is due to the transfer of 53 positions to the 9-1-1 Dispatch Center to Ingham County. Police and Fire staffing for FY 2013 increased by 11 officers and one Crime Analyst due to grants. Nine (9) additional police officers and one fire inspection position will be added in FY 2013.

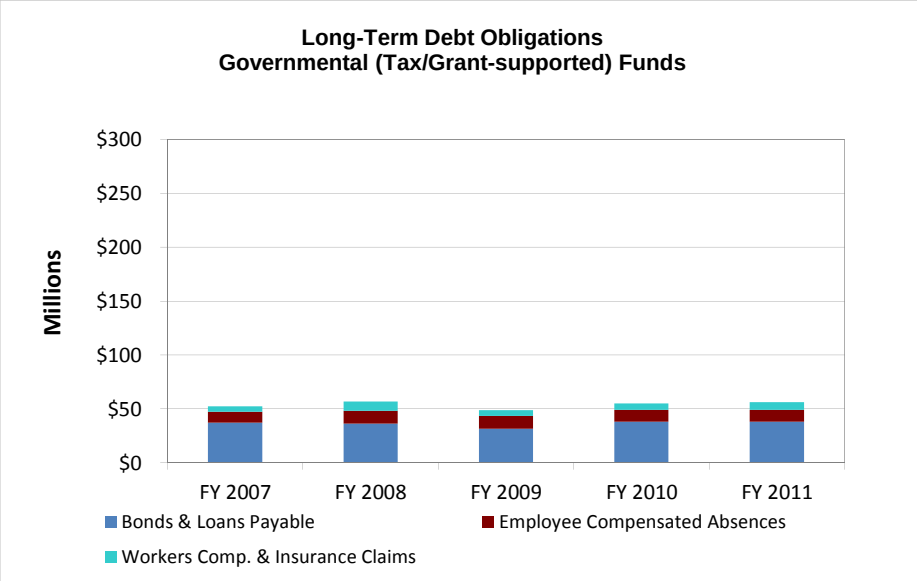
	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Number of employees per 1,000 residents	10.7	10.4	10.0	10.1	9.7	9.1	7.8	7.4

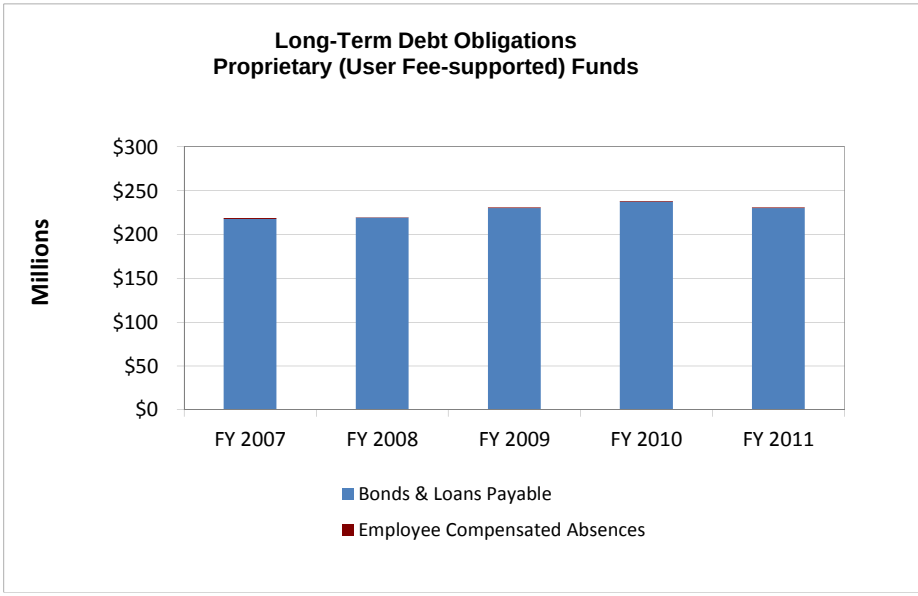
SECTION 4:

Long-Term Obligations

The City has obligations which are funded by both current and future year revenues. These obligations include debt issued to fund capital projects (which benefit not only the current year but future years), and funding for its pension and healthcare benefits for retirees.

Long-Term Debt Obligations

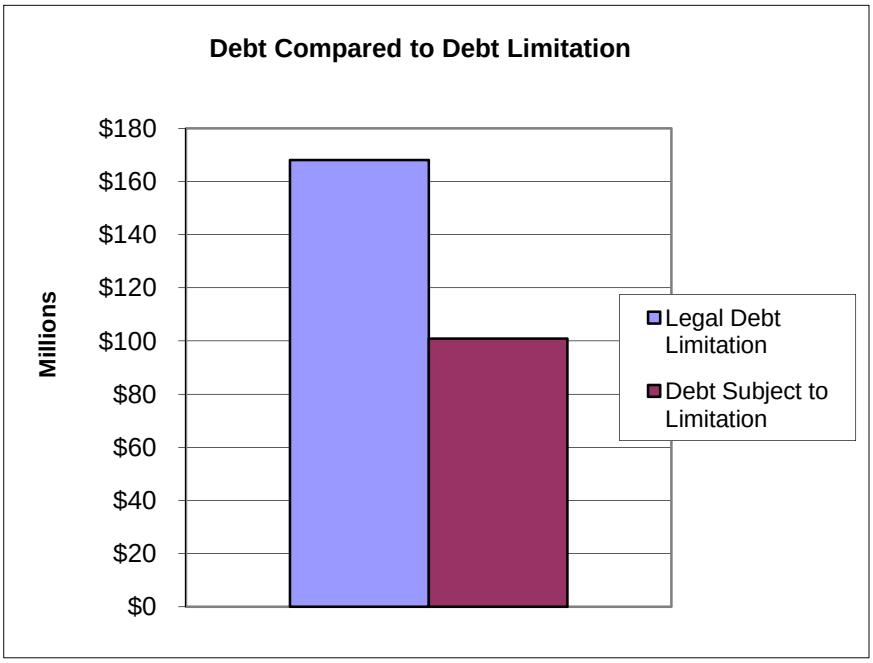




The City issues debt, in the form of long-term bonds and loans, to finance certain capital projects. The City does *not* issue debt to finance day-to-day operations. Debt is repaid with annual revenues. They City's EPA-mandated sewer separation project requires a heavy reliance on debt issuances, financed by sewer rate increases, as noted in the second chart.

Additionally, certain amounts, such as accumulated employee leave time and insurance claims, are recorded as long-term obligations of the City. These are also paid with annual revenues as they come due.

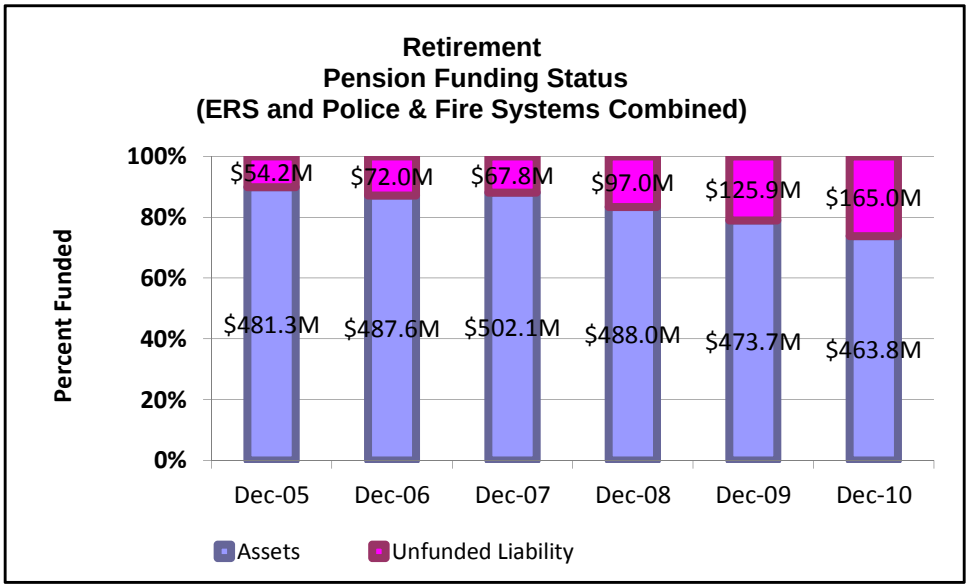
Long-Term Debt Obligations



The capacity for the City to issue certain types of bonds and loans is governed by the City's debt limitation, which is based on assessed property value and the ability to generate property taxes. Certain bond issuances, most notably those supported by user-fee based revenues, are not subject to the City's debt limitation. As indicated by the above chart, the City is well within its legal debt limitation.

Moody's Bond Rating Scale		S&P Bond Rating Scale	
Aaa	Highest Rating	AAA	Highest Rating
Aa	**Lansing Revenue-Backed Debt= Aa3**	**AA**	**Lansing Tax-Backed Debt = AA** **Lansing Revenue-Backed Debt = AA-**
A	**Lansing Tax-Backed Debt = A1**	A	
Baa		BBB	
Ba		BB	
B		B	
Caa		CCC	
Ca		CC	
C	Lowest Rating	C or D	Lowest Rating

Long-Term Pension Obligations

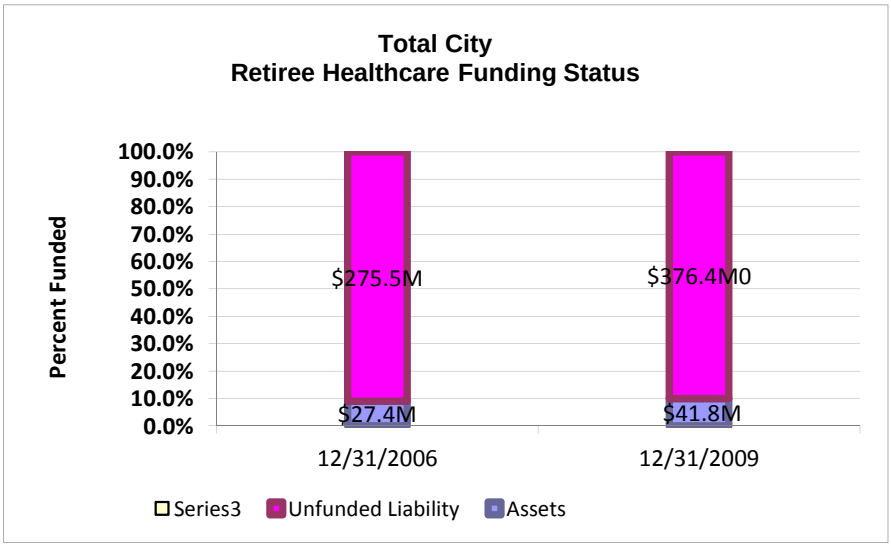


The City has defined benefit (pension) plans for its current retirees and employees. The City has been funding the resulting actuarially-determined long-term liabilities, and their current funding status is shown above. The stock market crash in December, 2008 adversely impacted the funding status of the systems. To the extent the systems have unfunded actuarial liabilities, annual contributions to the pension systems are required.

Actuarial valuations are performed annually, on a calendar-year basis, for the City's pension systems.

More detailed information is available from the City's actuarial reports of its Employee's Retirement System (ERS), Police and Fire Retirement System, and its Other Post-Employment Benefits System, as well as the City's Comprehensive Annual Financial Report.

Long-Term Retiree Healthcare Obligations



The City has defined benefit retiree healthcare plans for its current retirees and employees. While municipalities have been setting aside funding and receiving actuarial valuations for pension systems for decades, they have only been required to do so for retiree healthcare since an accounting requirement change in FY 2009. The City has been setting aside monies for prefunding of retiree healthcare since FY 2005, several years longer than most municipalities. The City has been funding the resulting actuarially-determined long-term liabilities, and their current funding status is shown above. The stock market crash in December, 2008 adversely impacted the funding status of the systems; however, despite the market downturn, the overall funding levels of the systems improved slightly, from 9% to 10%. Because prefunding for retiree healthcare has begun very recently, benefits for current retirees are funded on a pay-as-you-go basis out of current-year revenues.

Actuarial valuations are performed biannually for the City's retiree healthcare systems. The next valuation, as of December 31, 2011 is in the process of being completed.

More detailed information is available from the City's actuarial reports of its Employee's Retirement System (ERS), Police and Fire Retirement System, and its Other Post-Employment Benefits System, as well as the City's Comprehensive Annual Financial Report.

Virg Bernero, Mayor

City of Lansing, Michigan
Performance Dashboard

Welcome to the City of Lansing's Performance Dashboard. This dashboard provides the most currently available information about citywide indicators regarding Fiscal Stability, Economic Strength, and Quality of Life. In addition, Monthly Measures are included to provide a look at direct city services and service requests. This section will be updated on a monthly basis as current information becomes available. The information in this section of the report is preliminary information and requires the Microsoft Excel file to access.

Additional information on the City's finances are available in the following resources on the City's website: www.lansingmi.gov

Financial statements - Comprehensive Annual Financial Report (CAFR) - provides financial information as of June 30 each year
Budget documents - provides the City's financial and service-level plan for each of the City's fiscal years
Citizens' Guide to City Finances - provides an overview of the City's finances and financial position

This file was desinged for Microsoft Excel version 2007 - 2010. Some features may not be compatible with earlier versions of Microsoft Excel.

Virg Bernero, Mayor

City of Lansing Performance Dashboard

Annual Measures

Positive Trend - Improving Performance	Neutral - No Change	Negative Trend - Declining Performance

Fiscal Stability

	Prior Year	Current Year	Progress
Annual General Fund (GF) Revenues per population	$910	$979	
Taxable value	$2,261,016,697	$2,152,686,474	
Annual GF expenditures per population	$910	$979	
Ratio of pensions to employees	1.71	1.81	
Fund balance as a % of annual GF expenditures	4.7%	4.6%	
General Obligation Bond Rating (Moody's / S&P)	Aa2 / AA	Aa3 / AA	
Debt burden per population	$2,563	$2,510	
Funded pension liability status	79.0%	Not Yet Available	
Funded retiree healthcare liability status	10.0%	Not Yet Available	

Economic Strength

	Prior	Current	Progress
Number of persons employed in Lansing	54,967	55,351	
Unemployment rate (not seasonally adjusted)	14.2%	11.7%	
Median household income	$36,546	$34,770	
% of community age 25+ with Bachelor's Degree or higher (2000 vs 2010 Census)	21.2%	22.1%	
4-Year graduation rate from Lansing School District (LSD) public high schools	68.0%	60.5%	
% of LSD schools in the top 50 percentile of the Michigan Top to Bottom school rankings	3.3%	0.0%	
Median home value	$99,300	$89,300	
Average road conditions on a scale of 1 - 10 (1 = obsolete; 10 = new road)	Major: 5.98 Local: 5.24	Major: 5.78 Local: 4.39	
% of community with access to high speed broadband (Ingham County)	99.5%	99.7%	

Quality of Life

	Prior	Current	Progress
Violent crimes per 1,000 population	10.8	10.2	
Property crimes per 1,000 population	36.7	37.5	
Fires per 1,000 population	3.5	3.2	
Population below the Federal poverty level	23.8%	26.9%	
# of foreclosures	1,053	844	
# of tagged (substandard) properties	535	537	
Acres of park per 1,000 population	21.2	21.2	
% of GF budget committed to arts, culture, and recreation	9.3%	8.5%	
Avg. daily attendance at open recreation offerings	200	186	
% of pothole complaints responded to within 1 business day	84%	83%	

Monthly Measures

- Select a Measures -

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2010 - 11	0	0	0	0	0	0	0	0	0	0	0	0
2011 - 12	0	0	0	0	0	0	0	0	0	0	0	0