

City of Lansing,
Michigan



Year Ended
June 30, 2017

Comprehensive
Annual Financial
Report

Prepared by: Department of Finance

Finance Director
Angela Bennett

Accounting Manager
Randy Endsley

CITY OF LANSING, MICHIGAN

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	1
Elected and Appointed Officers	2
Letter of Transmittal	3
Table of Organization	7
GFOA Certificate of Achievement	8
FINANCIAL SECTION	9
Independent Auditors' Report	11
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	30
Statement of Activities	31
Fund Financial Statements:	
Balance Sheet - Governmental Funds	36
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	37
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	38
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities	39
Statement of Revenues, Expenditures and Change in Fund Balance - Budget and Actual:	
General Fund	40
Statement of Net Position - Proprietary Funds	44
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	45
Statement of Cash Flows - Proprietary Funds	46
Statement of Fiduciary Net Position - Fiduciary Funds	50
Statement of Changes in Fiduciary Net Position - Pension and Other Postemployment Benefits Trust Funds	51
Combining Statement of Net Position - Discretely Presented Component Units	56
Combining Statement of Activities - Discretely Presented Component Units	57
Notes to Financial Statements	59

CITY OF LANSING, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information	119
Employees' Retirement System Pension Plan:	
Schedule of Changes in Net Pension Liability and Related Ratios	120
Schedule of the Net Pension Liability	121
Schedule of Contributions	122
Schedule of Investment Returns	123
Police and Fire Retirement System Pension Plan:	
Schedule of Changes in Net Pension Liability and Related Ratios	124
Schedule of the Net Pension Liability	125
Schedule of Contributions	126
Schedule of Investment Returns	127
Employees' Retirement System OPEB Plan:	
Schedule of Changes in Net OPEB Liability and Related Ratios	128
Schedule of the Net OPEB Liability	129
Schedule of Contributions	130
Schedule of Investment Returns	131
Police and Fire Retirement System OPEB Plan:	
Schedule of Changes in Net OPEB Liability and Related Ratios	132
Schedule of the Net OPEB Liability	133
Schedule of Contributions	134
Schedule of Investment Returns	135
Combining and Individual Fund Financial Statements and Schedules	137
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	138
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	139
Combining Balance Sheet - Nonmajor Special Revenue Funds	142
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	144
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds	146
Combining Balance Sheet - Nonmajor Debt Service Funds	154
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	155
Combining Balance Sheet - Nonmajor Capital Projects Funds	158
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	159
Combining Balance Sheet - Nonmajor Permanent Funds	162
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds	163

CITY OF LANSING, MICHIGAN

Table of Contents

	<u>Page</u>
Combining and Individual Fund Financial Statements and Schedules (concluded)	
Nonmajor Enterprise Funds:	
Combining Statement of Net Position - Nonmajor Enterprise Funds	166
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds	167
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	168
Internal Service Funds:	
Combining Statement of Net Position - Internal Service Funds	172
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	173
Combining Statement of Cash Flows - Internal Service Funds	174
Agency Funds:	
Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	178
Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	179
 STATISTICAL SECTION (UNAUDITED)	 181
 <u>TABLE</u>	
1 Net Position by Component	185
2 Change in Net Position	186
3 Fund Balances, Governmental Funds	188
4 Changes in Fund Balances of Governmental Funds	189
5 Assessed and Estimated Actual Value of Taxable Property	190
6 Direct and Overlapping Property Tax Rates	191
7 Profile of Ten Largest Ad Valorem Taxpayers	192
8 Property Tax Levies and Collections	193
9 Ratios of Outstanding Debt by Type	194
10 Ratios of General Bonded Debt Outstanding	195
11 Direct and Overlapping Governmental Activities Debt	196
12 Legal Debt Margin Information	197
13 Pledged-Revenue Coverage	198
14 Demographic and Economic Statistics	199
15 Principal Employers	200
16 Full-Time Equivalent City Governmental Employees by Function/Program	202
17 Operating Indicators by Function/Program	206
18 Capital Asset Statistics by Function/Program	208

INTRODUCTORY SECTION

CITY OF LANSING, MICHIGAN

LANSING CITY GOVERNMENT

Fiscal Year July 1, 2016 - June 30, 2017

MAYOR

Virg Bernero

CITY COUNCIL

Judi Brown Clarke, Council President, At Large
Jessica Yorko, Council Vice President, 4th Ward
Kathy Dunbar, At Large
Patricia Spitzley, At Large
Carol Wood, At Large
Jody Washington, 1st Ward
Tina Houghton, 2nd Ward
Adam Hussain, 3rd Ward

CLERK

Chris Swope

DISTRICT COURT JUDGES

Louise Alderson, Chief Judge
Frank J. Deluca
Patrick F. Cherry
Hugh B. Clarke, Jr.

OFFICERS

Randy Hannan
Chad A. Gamble
James D. Smiertka
Angela Bennett
Tammy Good
Michael Yankowski
Randy Talifarro
Bob Johnson
Brett Kaschinske
Anethia Brewer
Joan Jackson Johnson
Mary Riley
Eric Brewer

Executive Assistant/Chief of Staff
Chief Operating Officer/Public Service Director
City Attorney
Finance Director
City Treasurer
Police Chief
Fire Chief
Planning & Neighborhood Development Director
Parks & Recreation Director
Court Administrator
Human Relations & Community Services Director
Human Resources Director
Internal Auditor



FINANCE DEPARTMENT

124 W. Michigan Ave., 8th Floor
Lansing, Michigan 48933
(517) 483-4500

December 22, 2017

Council President Patricia Spitzley
and Council Members
10th Floor City Hall
Lansing, Michigan 48933-1694

Dear President Spitzley 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, 2017.

The City assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data 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. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's fiscal year 2016/2017 financial statements have been audited by Rehmann Robson, an independent firm of licensed, certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements for the City of Lansing for the fiscal year-ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures contained in the financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The independent audit concluded with the rendering of an unmodified opinion on the statements, meaning the financial statements present, fairly and accurately in all material respects, the financial position of the City in conformity with Generally Accepted Accounting Principles ("GAAP"). The independent auditors report is presented as the first component of the financial section of this report.

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

Profile of the City of Lansing

Serving as Michigan's capital since 1848, the City of Lansing was incorporated in 1859 and operates under provisions of Public Act 279 of 1909, as amended (the "Home Rule City Act"). The City incorporates 34.7 square miles and 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.

Lansing is a mature core city with a population of 116,020, according to 2017 census estimates, and offers a full range of services. During the fiscal year ended June 30, 2016, the City operated police headquarters and a precinct with over 190 sworn police officers; six fire stations with a fire protection force of over 170; over 350 miles of sanitary sewers, 230 miles of storm sewers, and 180 miles of combined sewers; over 400 miles of roads; 113 parks; a District Court; and support for human services and cultural events. The City's main sources of revenue are property taxes, income taxes, State revenue sharing, Federal entitlement grants, and charges for services, including utility billings.

Reporting Entity

The financial reporting entity (the City) includes all of the funds 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, Brownfield Redevelopment Authority, and Smart Zone are reported as a discretely presented component units.

Financial Management and Control

Management of the City of Lansing is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft, or misuse and to assure that adequate accounting data is compiled to allow for the accurate presentation of financial statements in conformity with generally accepted accounting principles.

To provide a reasonable basis for making these presentations, management has established 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. Because the cost of internal controls generally should not outweigh their benefits, the City's framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that these objectives are met.

Because the City is a recipient of federal grant dollars, the independent audit of the financial statements of the City of Lansing was part of a broader, federally-mandated "single audit" in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations. The standards governing the single audits require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of the federal awards. These reports are available in the City's separately-issued Single Audit Report.

Financial results and applicable policies affecting year-end results for the fiscal year-ended June 30, 2017 are discussed in the Management Discussion and Analysis (MD&A), located immediately following the Independent Auditor Report.

Budgeting Controls

The annual budget serves as the foundation for the City's financial planning, policy-making, and control. The City Charter requires that the Mayor submit to the City Council a proposed budget by the fourth Monday in March. Budgetary controls and limitations are noted in the Note Disclosure Section of the financial statements.

The City also maintains an encumbrance accounting system, whereby purchase 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.

Local Economy

The City of Lansing is the seat of Michigan state government and the local economy is comprised of a diversified mix of business and industries. With Michigan State University, Davenport University, Cooley Law School and Lansing Community College, the region has a strong higher education presence. The metro Lansing region is also home to several insurance company headquarters, including Jackson National Life, Auto Owners, AF Group, and Delta Dental; healthcare services with two major hospitals in the city, Sparrow and McLaren; and a wide variety of technology firms. Manufacturing also has a strong presence, especially in the automotive and biotech engineering sectors, with two General Motors assembly plants and related facilities located in the city, automotive suppliers throughout the region, Niowave's production of particle accelerators, and Emergent Biosolution's research and vaccine production.

While its presence in the metro Lansing region has decreased over the past two decades, General Motors has continued to invest in its two state-of-the-art Lansing plants, even during the recent Great Recession. The plants produce the Buick Enclave, GMC Acadia, Chevrolet Traverse, Cadillac ATS (2013 North American Car of the Year) and Cadillac CTS (2008 and 2014 Motor Trend Car of the Year). Production of the Chevrolet Camaro was moved to Lansing from Ontario, Canada in July, 2015 and was subsequently named 2016 Motor Trend Car of the Year. Over the past three years, General Motors has invested over \$277 million in plant expansions and retooling, \$40 million in a new Logistics Center, and \$174 million in a new regional stamping plant.

Currently under construction and scheduled for completion in 2022, Michigan State University will be home to the \$174 million Facility for Rare Isotope Beams (FRIB), which will enable scientific discovery of rare isotope properties, will employ top nuclear physicists, and is expected to create approximately 1,000 jobs. Even before the plant is completed, Niowave, Inc. established its operations in Lansing as commercial spinoff from Michigan State University's nuclear cyclotron facility. MSU has been named #1 in Nuclear Physics, ahead of MIT, by U.S. News & World Report for four consecutive years.

Lansing serves as the cultural and commercial center for the region, and recent major investments have revitalized downtown Lansing into an entertainment and residential destination, with renovations to historic buildings and brand new developments. The former Lansing Board of Water Light downtown plant was transformed in 2011 into the corporate headquarters for Accident Fund Insurance Company of America (now AF Group), followed by Blue Cross Blue Shield of Michigan moving into Accident Fund's former downtown location. Recent renovations of the former downtown Knapp's department store into apartments and commercial space have attracted Dewpoint, CGI Group, Inc., and TEKsystems technology firms. Highly successful, recently-completed new developments, including Marketplace, Midtown, and The Outfield, and Skyview residential developments have added significant additional residential units near and within downtown. The Outfield Ballpark Lofts development was the first in the nation to feature apartments located right in the outfield of a Class-A minor league baseball stadium and has received national and international awards.

In its commitment to regional partnerships, the City of Lansing has contracted with the Lansing Economic Area Partnership (LEAP) since 2012. This arrangement allows for a cost-effective, regional-based approach to economic development. As testament to its success, this past year, LEAP received the prestigious Excellence in Economic Development Award by the International Economic Development Council (IEDC). Over the past decade, LEAP and the Lansing Economic Development Corporation have attracted more than \$2.3 billion in new private investment to the city.

The metro Lansing region is one of growth and opportunities. It was one of only two regions in the State of Michigan to show population growth in the 2010 Census and has continued to see population growth. Over \$650 million in direct private economic development projects were announced in FY 2017 by Neogen Corporation, Tecomet (formerly Symmetry Medical), XG Sciences, and McLaren Greater Lansing. The Lansing-East Lansing MSA experienced 4.0% GDP growth in 2016, double the national average and was ranked fourth (4th) in the Midwest for best places for college graduates to live and work.

Awards and Acknowledgements

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, 2016. This was the 39th 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.

Preparation of this comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Finance Department, as well as support by other departments. All those who contributed to this document, especially Accounting Manager Randy Endsley, have our sincere appreciation for their contributions made in the preparation of this report and in the financial management of the City. The 39th consecutive GFOA award, recognizing their efforts, is well deserved indeed.

Sincerely,

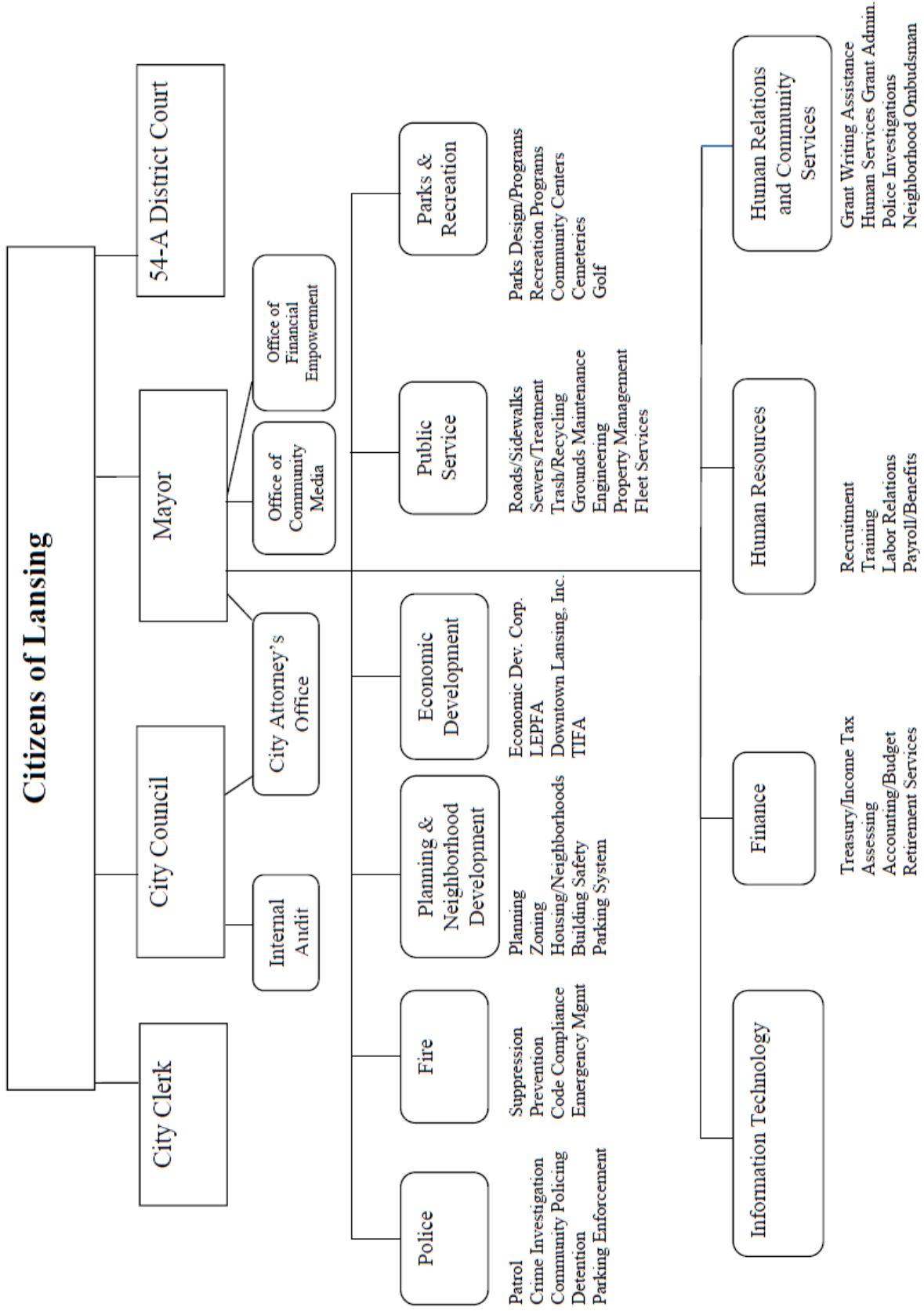


Virg Bernero
Mayor



Angela Bennett
Finance Director

Table of Organization



CITY OF LANSING, MICHIGAN

GFOA Certificate of Achievement



Government Finance Officers Association

**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, 2016

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 22, 2017

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Lansing, Michigan* (the "City"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, and the introductory section and statistical tables 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated December 22, 2017, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the City's internal control over financial reporting and compliance.

Rehmann Lobson LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LANSING, MICHIGAN

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, 2017 for the benefit of the readers of these financial statements. This management’s discussion and analysis (“MD&A”) is intended to assist the reader in focusing on significant financial issues and provide an overview of the City’s financial activity. The City encourages the readers to consider the following information here in conjunction with the financial statements taken as a whole, which follow this section.

Financial Highlights

- Total government-wide assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$135.1 million (reported as net position), a decrease of \$4.4 million from fiscal year 2015/2016.
- As of the close of the 2016/2017 fiscal year, the City’s governmental funds reported combined ending fund balances of \$33.1 million, a \$2.2 million increase from fiscal year 2015/2016. Of the \$33.1 million fiscal year 2016/2017 combined ending fund balance, \$7.4 million is legally restricted and/or unavailable to spend (i.e. amounts tied up in inventories), and \$10.8 million is committed for designated projects, leaving \$14.9 million unassigned.
- At the end of the fiscal year, unassigned fund balance for the General Fund, (including the amount internally identified as a Budget Stabilization Fund), was \$15.3 million, an increase of \$2.9 million from FY 2015/2016. Please see the “General Fund and Budgetary Highlights” section of this Management Discussion and Analysis for further detail.
- Business-type activities reported net position at year-end of \$251.4 million, an increase of \$8.8 million during the year. The increase was mainly attributable to the increase in sewer fund net position for the fiscal year, which is necessary to fund future debt needs associated with U.S. Environmental Protection Agency and Michigan Department of Environmental Quality-mandated sewer separation projects.
- The City’s total long-term debt was \$216.3 million at June 30, 2017, a decrease of \$17.7 million, which primarily represents the net difference between new issuances and payments. More detailed information regarding these activities and funds can be found in Footnote 9, Long-Term Debt of the Notes to the Financial Statements section of the Comprehensive Annual Financial Report (“CAFR”).

Overview of the Financial Statements

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

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

CITY OF LANSING, MICHIGAN

Management's Discussion and Analysis

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

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

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

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

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

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Certain revenues that are earned, but not available for use within the reporting period, are reported as revenues for governmental activities, but are reported as deferred inflows of resources on the governmental fund statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in governmental fund statements, but not deferred on the government-wide statements.
- Internal service funds are reported as governmental activities, but reported as proprietary funds in the fund financial statements.
- Bond discounts and premiums in the issuance of long-term debt are reported as expenditures in governmental fund statements, but are capitalized and amortized in the government-wide statements.
- Unless due and payable, long-term liabilities, such as capital lease obligations, compensated absences, and others only appear as liabilities in the government-wide statements.

CITY OF LANSING, MICHIGAN

Management's Discussion and Analysis

- 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.
- Pension and other postemployment benefits liabilities and related deferrals relating to governmental funds are only reported in the government-wide statements.

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

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

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

Required Supplementary Information

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

CITY OF LANSING, MICHIGAN

Management's Discussion and Analysis

Other Supplementary Information

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

Government-Wide Financial Analysis

The City's combined net position decreased \$4.4 million over the course of this fiscal year's operations, and came to a total of \$135.1 million. Net position of governmental activities decreased \$13.2 million or 12.8%, and business-type activities increased \$8.8 million or 3.6%. Explanations for those changes are described below under the governmental activities and business-type activities sections of this Management Discussion and Analysis.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 55,942,975	\$ 59,967,923	\$ 81,676,247	\$ 75,273,478	\$137,619,222	\$135,241,401
Capital assets, net	188,807,551	194,187,285	362,595,277	371,535,963	551,402,828	565,723,248
Total assets	244,750,526	254,155,208	444,271,524	446,809,441	689,022,050	700,964,649
Deferred outflows of resources	48,237,654	59,465,643	4,877,793	7,190,842	53,115,447	66,656,485
Long-term debt outstanding	51,709,198	56,959,949	164,568,715	176,980,629	216,277,913	233,940,578
Other liabilities	332,505,634	355,363,179	30,502,474	33,360,540	363,008,108	388,723,719
Total liabilities	384,214,832	412,323,128	195,071,189	210,341,169	579,286,021	622,664,297
Deferred inflows of resources	25,036,395	4,376,709	2,682,266	1,055,949	27,718,661	5,432,658
Net position						
Net investment in capital assets	149,533,948	149,676,860	224,161,744	220,436,882	373,695,692	370,113,742
Restricted	10,993,950	12,922,525	1,818,671	2,764,963	12,812,621	15,687,488
Unrestricted	(276,790,945)	(265,678,371)	25,415,447	19,401,320	(251,375,498)	(246,277,051)
Total net position	<u>\$(116,263,047)</u>	<u>\$(103,078,986)</u>	<u>\$251,395,862</u>	<u>\$242,603,165</u>	<u>\$135,132,815</u>	<u>\$139,524,179</u>

The largest component of the City's net position reflects its net investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others). Restricted net position is the next largest component, which represents amounts subject to external restrictions such as bond covenants, City Charter, State legislation or Constitutional provision. The remaining portion, unrestricted net position are resources that may be used at the City's discretion, but often have limitations based on policy action.

CITY OF LANSING, MICHIGAN

Management's Discussion and Analysis

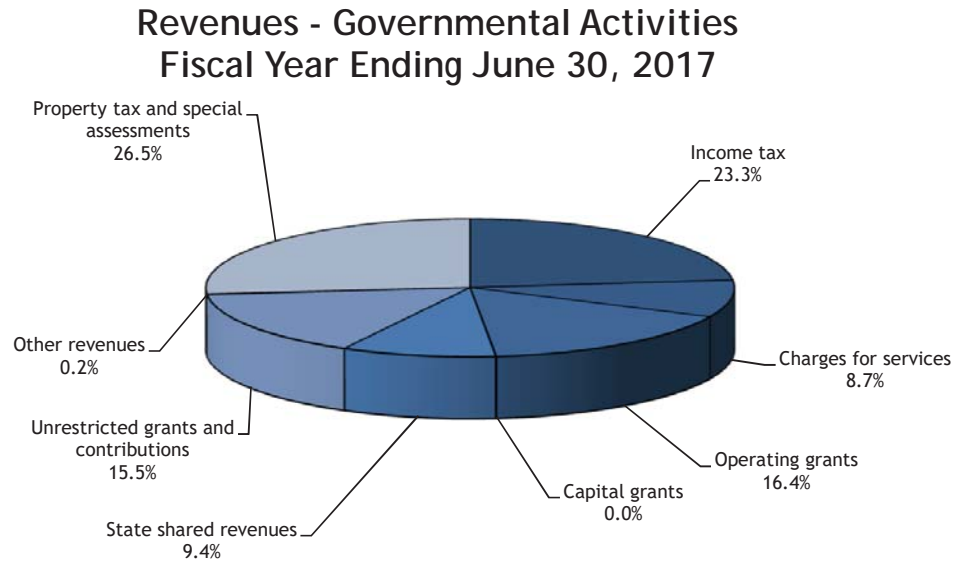
The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the City's net position changed during the fiscal year:

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues						
Charges for services	\$ 13,293,904	\$ 13,941,487	\$ 47,889,559	\$ 45,583,654	\$ 61,183,463	\$ 59,525,141
Operating grants	25,157,629	24,561,960	1,391,326	1,312,362	26,548,955	25,874,322
Capital grants	63,488	904,298	100,000	-	163,488	904,298
General revenues						
Taxes	76,262,288	73,151,678	-	-	76,262,288	73,151,678
State shared revenues	14,412,644	13,911,200	-	-	14,412,644	13,911,200
Unrestricted grants and contributions	23,695,900	22,621,075	-	-	23,695,900	22,621,075
Unrestricted investment earnings	125,539	99,058	-	-	125,539	99,058
Gain on sale of capital assets	135,270	63,079	-	3,853	135,270	66,932
Total revenues	153,146,662	149,253,835	49,380,885	46,899,869	202,527,547	196,153,704
Expenses						
General government	21,778,154	27,993,414	-	-	21,778,154	27,993,414
Public safety	91,829,441	85,739,408	-	-	91,829,441	85,739,408
Public works	28,983,891	28,212,049	-	-	28,983,891	28,212,049
Recreation and culture	9,441,519	10,336,168	-	-	9,441,519	10,336,168
Community development	12,349,663	10,642,102	-	-	12,349,663	10,642,102
Interest on long-term debt	1,201,846	1,424,215	-	-	1,201,846	1,424,215
Sewage disposal system	-	-	27,567,228	28,487,957	27,567,228	28,487,957
Municipal parking system	-	-	6,866,747	7,651,077	6,866,747	7,651,077
Cemetery	-	-	886,579	708,545	886,579	708,545
Golf	-	-	802,564	845,575	802,564	845,575
Garbage and rubbish collection	-	-	1,543,380	2,085,728	1,543,380	2,085,728
Recycling	-	-	3,667,899	4,092,278	3,667,899	4,092,278
Total expenses	165,584,514	164,347,356	41,334,397	43,871,160	206,918,911	208,218,516
Change in net position, before transfers	(12,437,852)	(15,093,521)	8,046,488	3,028,709	(4,391,364)	(12,064,812)
Transfers	(746,209)	(629,715)	746,209	629,715	-	-
Change in net position	(13,184,061)	(15,723,236)	8,792,697	3,658,424	(4,391,364)	(12,064,812)
Net position:						
Beginning of year	(103,078,986)	(87,355,750)	242,603,165	238,944,741	139,524,179	151,588,991
End of year	<u><u>\$(116,263,047)</u></u>	<u><u>\$(103,078,986)</u></u>	<u><u>\$251,395,862</u></u>	<u><u>\$242,603,165</u></u>	<u><u>\$135,132,815</u></u>	<u><u>\$139,524,179</u></u>

CITY OF LANSING, MICHIGAN

Management's Discussion and Analysis

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



In total, governmental activity revenues increased \$3,982,827 from FY 2015/2016 to FY 2016/2017, with trends of the major revenue categories as follows:

Property taxes and special assessments comprised the largest portion of governmental activity revenue at 26.5%, or \$40.6 million, a \$2.0 million, or 5.2% increase from fiscal year 2015/2016. This increase was caused by rising property values and allocation from the state eligible manufacturing personal property tax assessment.

Income taxes comprised 23.3%, or \$35.7 million, of governmental activity revenue, the full amount of which is revenue to the General Fund. This represents a \$1.1 million, or 3.2%, increase from fiscal year 2015/2016. 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.

Restricted operating and capital grants and contributions made up \$25.2 million, or 16.5% of governmental activity revenue for fiscal year 2016/2017, a \$0.2 million, or 1.0% decrease from fiscal year 2015/2016.

Unrestricted grants and contributions (including state shared sales tax revenue) comprised 24.9%, or \$38.1 million, of revenues, a \$1.6 million, or 4.3% increase from fiscal year 2015/2016. A little more than one-third of this category, \$14.4 million, is attributed to State revenue sharing, an amount distributed to municipalities by the State of Michigan by formula allocation of portions of the State sales tax.

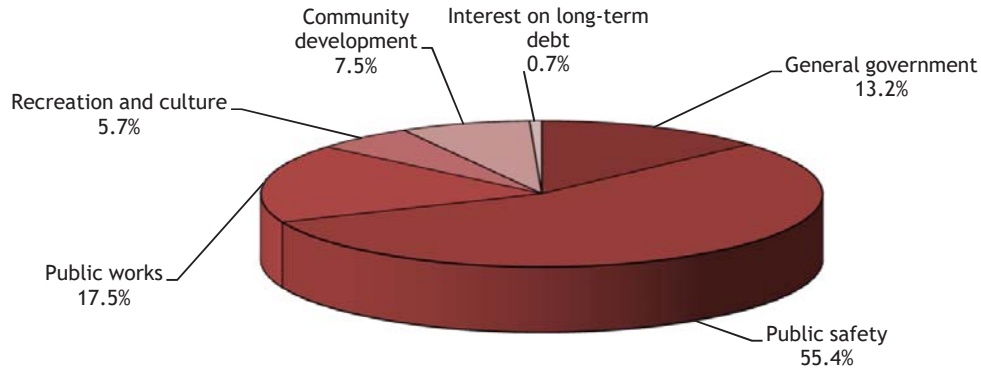
Charges for services are program-specific revenues generated for services provided. Governmental activity charges for services decreased \$0.6 million from FY 2015/2016 to FY 2016/2017.

CITY OF LANSING, MICHIGAN

Management's Discussion and Analysis

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

Expenses - Governmental Activities Fiscal Year Ending June 30, 2017



Total expenses for governmental activities increased \$1.2 million, 0.8%, from FY 2015/2016 to FY 2016/2017, with trends of the major revenue categories as follows:

The largest component of governmental activities was public safety, accounting for 55.5%, or \$91.8 million, a 7.1% (\$6.1 million) increase from FY 2015/2016. The increase was largely attributable to a large number of vacancies being filled, as well as fringe benefit costs, most notably pension and retiree healthcare costs.

Public works comprises the next largest component of governmental activity expenses, at 17.5%, or \$29.0 million, a 2.7% (\$771,842) increase from FY 2015/2016.

At \$21.8 million, general government expenses, representing general and internal City services, comprised 13.2% of governmental activities. This category experienced a \$6.2 million, or 22.2% decrease from FY 2015/2016, due to a combination of a one-time recategorization of Planning and Neighborhood Development from general government to community service and a lesser pension expense allocation than FY 2015/2016.

Community development represented 7.5% expenses. This category increased \$1.7 million, or 16.0% from FY 2015/2016, due to the above-mentioned, one-time recategorization of Planning and Neighborhood Development from general government to community service.

Business-type Activities. Net position of the business-type activities increased by \$8.8 million, or 3.6%, from FY 2015/2016 to \$251.4 million. The increase was mainly attributable to the increase in sewer fund net position for the fiscal year, which is necessary to fund future debt needs associated with U.S. Environmental Protection Agency and Michigan Department of Environmental Quality-mandated sewer separation projects.

Financial Analysis of the City's Funds

As the City completed the fiscal year, its governmental funds reported combined ending fund balances of \$33.1 million, a \$2.2 million increase from fiscal year 2015/2016. Of the \$33.1 million fiscal year 2016/2017 combined ending fund balance, \$7.4 million is legally restricted and/or unavailable to spend (i.e. amounts tied up in inventories), and \$10.8 million is committed for designated projects, leaving \$14.9 million unassigned.

CITY OF LANSING, MICHIGAN

Management's Discussion and Analysis

The unassigned fund balance for the General Fund, (including the amount internally identified as a Budget Stabilization Fund), was \$15.3 million, an increase of \$2.9 million from FY 2015/2016, which is further described in the next section, General Fund Budgetary Highlights.

General Fund Budgetary Highlights

The FY 2016/2017 General Fund budget was adopted as a balanced budget, based on projected revenues, with a \$500,000 addition to reserves (fund balance). The City budgeted a vacancy factor in its General Fund to account for anticipated positions that would become vacant during the course of the year. Because vacancies that will occur within each department cannot be projected, the vacancy factor is budgeted as a single line item of the General Fund and allocated to various departments through a budget amendment during the year. During the course of the fiscal year, the General Fund budget was amended from \$124 million to \$126.1 million to recognize higher-than-expected income tax revenues, to allocate the vacancy factor, and to adjust expenditures in response to higher-than-expected election costs, police overtime, fleet needs, and information technology upgrades.

General Fund reserves, combined with the Budget Stabilization Fund (combined for financial statement purposes) increased \$2.4 million from FY 2015/2016 from \$13.3 million to \$15.7 million. Unassigned fund balance increased \$2.9 million (slightly more than the total fund balance increase due to changes in fund balance restrictions), or 23.2% from fiscal year 2015/2016. The \$2.4 million increase in total General Fund reserves was attributable to revenues exceeding budgeted amounts by \$1.0 million (largely resulting from higher-than-budgeted income tax revenues) as well as expenditures coming in under budget by \$1.6 million, largely due to position vacancies during the fiscal year.

Sewage Disposal Fund

Net position increased \$7.3 million to \$239.7 million in FY 2016/2017. Unrestricted net position increased \$5.4 million, from \$21.6 million to \$27.0 million. The increase in total net position was the result of sewer operations for the year and is necessary to fund future debt needs associated with the U.S. Environmental Protection Agency and Michigan Department of Environmental Quality-mandated sewer separation projects.

Municipal Parking Fund

The Municipal Parking Fund net position increased \$1.1 million to \$16.5 million. Unrestricted net position remained relatively consistent at \$5.5 million.

Capital Assets. At the end of the fiscal year 2017, the City had invested \$551.4 million, net of accumulated depreciation, in a broad range of capital assets (see the table below). Additional information regarding the City's capital assets can be found in Footnote 6 of the of the Notes to the Financial Statements section of the CAFR.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 25,880,189	\$ 25,838,193	\$ 13,292,491	\$ 13,483,910	\$ 39,172,680	\$ 39,322,103
Land improvements	10,968,327	10,285,057	11,006,206	11,561,180	21,974,533	21,846,237
Buildings and improvements	54,462,360	58,888,516	88,022,794	92,246,302	142,485,154	151,134,818
Equipment	7,291,993	6,776,694	1,203,507	1,384,910	8,495,500	8,161,604
Infrastructure	90,204,682	91,733,706	240,205,647	240,872,516	330,410,329	332,606,222
Construction in progress	-	665,119	8,864,632	11,987,145	8,864,632	12,652,264
Total capital assets, net	\$ 188,807,551	\$ 194,187,285	\$ 362,595,277	\$371,535,963	\$551,402,828	\$565,723,248

CITY OF LANSING, MICHIGAN

Management's Discussion and Analysis

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

	Outstanding Debt	
	2017	2016
Governmental activities		
General obligation bonds	\$ 18,065,000	\$ 21,900,000
Installment purchase contracts	13,757,531	15,268,317
Loans	7,728,428	7,872,600
Compensated absences	9,725,419	9,552,788
Workers compensation	2,417,780	2,297,914
Deferred amounts:		
For issuance discounts	(66,154)	(72,988)
For issuance premiums	81,194	141,318
Total governmental activities	51,709,198	56,959,949
Business-type activities		
General obligation bonds	144,016,807	154,534,187
Revenue bonds	17,175,000	18,725,000
Installment purchase agreements	1,029,723	1,246,673
Compensated absences	794,830	759,258
Deferred amounts:		
For issuance discounts	(563,347)	(636,356)
For issuance premiums	2,115,702	2,351,867
Total business-type activities	164,568,715	176,980,629
Total outstanding debt	\$216,277,913	\$233,940,578

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

CITY OF LANSING, MICHIGAN

Management's Discussion and Analysis

Economic Condition and Outlook

Unemployment levels in the City continued to decline in FY 2016/2017, resulting in increased income tax revenue. Property values increased; however growth in corresponding property tax revenue is limited by State of Michigan Statute to the rate of inflation for property that does not change hands. Lansing's financial picture as a whole has stabilized and continues to improve. The 2016/2017 fiscal year resulted in a \$2.9 million addition to General Fund unassigned reserves and a surplus is again expected in FY 2017/2018, bringing unassigned General Fund reserves up to \$15.8 million, or 12.3% of General Fund expenditures, reaching the City's 12%-15% fund balance policy. However, significant challenges remain in the longer-term. Going forward, State-imposed limitations on municipal revenues, most notably those on property tax growth, will continue to constrain resources, which in context of projected increases in pension, healthcare, and infrastructure needs, will present significant budgetary challenges.

Strengthening the City's economic base, building back up General Fund reserves, and addressing long-term pension and retiree healthcare obligations are top priorities. The City continues to work diligently with its employees and unions to address the ongoing structural imbalance between projected revenues and long-term pension and retiree health care costs and has been successful in achieving significant agreements over the past several years on a wide range of cost-saving measures. The City, in conjunction with the Mayor-appointed Financial Health Team engaged a consultant for studies of its long-term pension and retiree healthcare obligations. Recommendations by the consultant and the Financial Health Team are expected by the end of calendar year 2017.

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

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Copies of this financial report, as well as other financial reports, are available on the City's website, www.lansingmi.gov. If you have any questions about this report or need additional financial information, please feel free to contact the Finance Department at (517) 483-4500.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LANSING, MICHIGAN

Statement of Net Position

June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Assets				
Cash and investments	\$ 29,473,076	\$ 37,457,782	\$ 66,930,858	\$ 4,640,656
Receivables, net	26,707,412	38,309,355	65,016,767	1,424,568
Internal balances	(1,857,477)	1,857,477	-	-
Due from component unit	-	1,109,931	1,109,931	-
Due from primary government	-	-	-	1,408,365
Inventories, prepaids and other assets	1,619,964	378,501	1,998,465	200,006
Restricted assets:				
Cash and investments	-	2,563,201	2,563,201	1,108,366
Capital assets not being depreciated	25,880,189	22,157,123	48,037,312	-
Capital assets being depreciated, net	162,927,362	340,438,154	503,365,516	2,768
Total assets	244,750,526	444,271,524	689,022,050	8,784,729
Deferred outflows of resources				
Deferred charge on refunding	116,407	2,446,570	2,562,977	3,778,351
Deferred pension amounts	48,121,247	2,431,223	50,552,470	-
Total deferred outflows of resources	48,237,654	4,877,793	53,115,447	3,778,351
Liabilities				
Accounts payable and accrued liabilities	12,075,404	1,691,015	13,766,419	1,251,006
Accrued interest payable	289,643	875,974	1,165,617	15,789,447
Unearned revenue	1,143,416	128,872	1,272,288	284,175
Due to component units	-	1,408,365	1,408,365	-
Due to primary government	-	-	-	1,109,931
Long-term debt:				
Due within one year	5,948,095	14,059,049	20,007,144	673,684
Due in more than one year	45,761,103	150,509,666	196,270,769	29,996,721
Net pension liability	252,315,241	26,398,248	278,713,489	-
Net other postemployment benefit obligation	66,681,930	-	66,681,930	-
Total liabilities	384,214,832	195,071,189	579,286,021	49,104,964
Deferred inflows of resources				
Deferred pension amounts	25,036,395	2,682,266	27,718,661	-
Net position				
Net investment in capital assets	149,533,948	224,161,744	373,695,692	2,768
Restricted for:				
Public safety	1,459,792	-	1,459,792	-
Public works	3,946,003	-	3,946,003	-
Community development	3,582,057	-	3,582,057	-
Building department	197,707	-	197,707	-
Debt service	-	1,667,185	1,667,185	537,565
Capital projects	-	151,486	151,486	-
Endowments (nonexpendable)	1,808,391	-	1,808,391	-
Unrestricted (deficit)	(276,790,945)	25,415,447	(251,375,498)	(37,082,217)
Total net position	\$ (116,263,047)	\$ 251,395,862	\$ 135,132,815	\$ (36,541,884)

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

CITY OF LANSING, MICHIGAN

Statement of Activities
For the Year Ended June 30, 2017

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 21,778,154	\$ 7,295,556	\$ 1,905,606	\$ -	\$ (12,576,992)
Public safety	91,829,441	3,476,966	4,252,037	-	(84,100,438)
Public works	28,983,891	1,836,466	13,330,591	63,488	(13,753,346)
Recreation and culture	9,441,519	617,604	127,859	-	(8,696,056)
Community development	12,349,663	67,312	5,541,536	-	(6,740,815)
Interest on long-term debt	1,201,846	-	-	-	(1,201,846)
Total governmental activities	165,584,514	13,293,904	25,157,629	63,488	(127,069,493)
Business-type activities:					
Sewage disposal system	27,567,228	34,755,896	297,805	100,000	7,586,473
Municipal parking system	6,866,747	6,906,091	1,080,979	-	1,120,323
Cemetery	886,579	403,663	2,177	-	(480,739)
Golf	802,564	256,218	4,233	-	(542,113)
Garbage and rubbish collection	1,543,380	1,952,897	-	-	409,517
Recycling	3,667,899	3,614,794	6,132	-	(46,973)
Total business-type activities	41,334,397	47,889,559	1,391,326	100,000	8,046,488
Total primary government	\$ 206,918,911	\$ 61,183,463	\$ 26,548,955	\$ 163,488	\$ (119,023,005)
Component units					
Brownfield redevelopment authority	\$ 769,979	\$ -	\$ 196,498	\$ -	\$ (573,481)
Tax increment finance authority	3,891,930	-	-	-	(3,891,930)
Lansing entertainment & public facilities authority	8,611,237	7,052,871	1,257,300	-	(301,066)
Total component units	\$ 13,273,146	\$ 7,052,871	\$ 1,453,798	\$ -	\$ (4,766,477)

continued...

CITY OF LANSING, MICHIGAN

Statement of Activities
For the Year Ended June 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
Changes in net position				
Net (expense) revenues	<u>\$ (127,069,493)</u>	<u>\$ 8,046,488</u>	<u>\$ (119,023,005)</u>	<u>\$ (4,766,477)</u>
General revenues:				
Property taxes	40,568,278	-	40,568,278	4,669,039
Income taxes	35,694,010	-	35,694,010	-
Grants and contributions not restricted to specific programs	38,108,544	-	38,108,544	-
Unrestricted investment earnings	125,539	-	125,539	13,840
Gain on sale of capital assets	135,270	-	135,270	-
Transfers - internal activities	<u>(746,209)</u>	<u>746,209</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>113,885,432</u>	<u>746,209</u>	<u>114,631,641</u>	<u>4,682,879</u>
Change in net position	(13,184,061)	8,792,697	(4,391,364)	(83,598)
Net position, beginning of year	<u>(103,078,986)</u>	<u>242,603,165</u>	<u>139,524,179</u>	<u>(36,458,286)</u>
Net position, end of year	<u><u>\$ (116,263,047)</u></u>	<u><u>\$ 251,395,862</u></u>	<u><u>\$ 135,132,815</u></u>	<u><u>\$ (36,541,884)</u></u>

concluded

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

FUND FINANCIAL STATEMENTS

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CITY OF LANSING, MICHIGAN

Governmental Fund Financial Statements

Major Fund

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

Nonmajor Funds

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

CITY OF LANSING, MICHIGAN

Balance Sheet
 Governmental Funds
 June 30, 2017

	General	Nonmajor Governmental Funds	Totals
Assets			
Cash and cash equivalents	\$ 2,685,128	\$ 95,380	\$ 2,780,508
Equity in pooled cash and investments	7,978,332	12,903,493	20,881,825
Accounts receivable, net	8,114,762	135,937	8,250,699
Taxes receivable	49,729	-	49,729
Special assessments receivable	-	288,878	288,878
Loans receivable	-	1,426,440	1,426,440
Accrued interest receivable	-	2,355,617	2,355,617
Due from other governments	4,954,572	9,310,474	14,265,046
Inventories	20,513	805,025	825,538
Prepays	7,829	5,468	13,297
Total assets	\$ 23,810,865	\$ 27,326,712	\$ 51,137,577
Liabilities			
Accounts payable	\$ 3,629,204	\$ 2,034,997	\$ 5,664,201
Deposits payable	-	102,376	102,376
Accrued payroll	1,439,279	66,379	1,505,658
Indemnity bonds	-	36,425	36,425
Due to other funds	-	1,600,000	1,600,000
Advances from other funds	-	257,477	257,477
Due to other governments	1,120,882	984,404	2,105,286
Unearned revenue	88,077	1,055,339	1,143,416
Other	835,191	-	835,191
Total liabilities	7,112,633	6,137,397	13,250,030
Deferred inflows of resources			
Unavailable revenues - fees	1,000,966	-	1,000,966
Unavailable revenues - loans and accrued interest receivable	-	3,582,057	3,582,057
Unavailable revenues - special assessments	-	242,499	242,499
Total deferred inflows of resources	1,000,966	3,824,556	4,825,522
Fund balances			
Nonspendable	28,342	2,618,884	2,647,226
Restricted	-	4,730,012	4,730,012
Committed	385,067	10,426,961	10,812,028
Unassigned (deficit)	15,283,857	(411,098)	14,872,759
Total fund balances	15,697,266	17,364,759	33,062,025
Total liabilities, deferred inflows of resources and fund balances	\$ 23,810,865	\$ 27,326,712	\$ 51,137,577

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

CITY OF LANSING, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2017

Fund balances - total governmental funds \$ 33,062,025

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

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

Capital assets not being depreciated	25,880,189
Capital assets being depreciated, net	162,927,362
Capital assets accounted for in internal service funds, net	(12,503,129)

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 inflows of resources in the governmental funds and, therefore, are not included in fund balance.

Deferred ambulance fees receivable	445,577
Deferred nuisance fees receivable	532,889
Deferred loans receivable	1,226,440
Deferred long-term interest receivable	2,355,617
Deferred long-term special assessments receivable	242,499
Deferred long-term taxes and tax settlement receivables	22,500

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 position.

12,614,758

Long-term liabilities and related deferred outflows are not due and payable in the current period and therefore are not reported in the funds.

Bonds, loans and leases payable, and deferred discounts/premiums	(35,702,984)
Deferred charge on refunding	116,407
Accrued interest on bonds, loans and leases payable	(263,390)
Net other postemployment benefit obligation	(66,681,930)
Compensated absences and other long-term liabilities	(11,307,488)

Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(252,315,241)
Deferred outflows related to the net pension liability	48,121,247
Deferred inflows related to the net pension liability	(25,036,395)

Net position of governmental activities \$ (116,263,047)

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

CITY OF LANSING, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2017

	General	Nonmajor Governmental Funds	Totals
Revenues			
Taxes and special assessments	\$ 39,597,810	\$ 1,093,515	\$ 40,691,325
Income taxes	35,694,010	-	35,694,010
Licenses and permits	1,494,298	-	1,494,298
Intergovernmental	16,211,983	20,179,778	36,391,761
Charges for services	9,113,089	4,117,733	13,230,822
Fines and forfeits	2,240,100	270,845	2,510,945
Interest and rents	161,228	40,139	201,367
Contributions	21,973,270	10,000	21,983,270
Other revenues	158,592	810,725	969,317
Total revenues	126,644,380	26,522,735	153,167,115
Expenditures			
Current expenditures:			
General government	20,690,998	3,257,370	23,948,368
Public safety	72,140,597	1,542,649	73,683,246
Public works	11,200,151	1,364	11,201,515
Highways and streets	-	10,969,516	10,969,516
Recreation and culture	7,749,245	-	7,749,245
Community development	-	4,142,612	4,142,612
Other functions	2,710,979	-	2,710,979
Debt service:			
Principal	1,661,987	2,934,172	4,596,159
Interest	537,720	582,798	1,120,518
Capital outlay	-	9,328,278	9,328,278
Total expenditures	116,691,677	32,758,759	149,450,436
Revenues over (under) expenditures	9,952,703	(6,236,024)	3,716,679
Other financing sources (uses)			
Transfers in	520,338	9,367,289	9,887,627
Transfers out	(8,201,433)	(3,296,503)	(11,497,936)
Proceeds on sale of capital assets	97,255	-	97,255
Total other financing sources (uses)	(7,583,840)	6,070,786	(1,513,054)
Net change in fund balances	2,368,863	(165,238)	2,203,625
Fund balances, beginning of year	13,328,403	17,529,997	30,858,400
Fund balances, end of year	\$ 15,697,266	\$ 17,364,759	\$ 33,062,025

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

CITY OF LANSING, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2017

Net changes in fund balances - total governmental funds	\$ 2,203,625
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.	
Capital assets purchased/constructed	4,365,710
Depreciation expense	(9,938,437)
Gain on sale of capital assets	80,905
Proceeds on sale of capital assets	(97,255)
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.	
Change in deferred ambulance fees receivable	(159,631)
Change in deferred nuisance fees receivable	79,572
Change in deferred loans receivable	(1,938)
Change in deferred long-term interest receivable	69,250
Change in deferred special assessments receivable	(102,822)
Change in deferred taxes and tax settlement receivables	(40,154)
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 position of the internal service funds is reported with governmental activities.	
Net operating loss from governmental activities in internal service funds	(672,507)
Gain on sale of capital assets from governmental internal service funds	54,365
Interest expense from governmental internal service funds	(141,962)
Transfers in from governmental internal service funds	1,650,000
Transfers out of governmental internal service funds	(785,900)
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 position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on long-term liabilities	4,596,159
Certain expenditures are reported in governmental funds that reduce long-term liabilities for purposes of the statement of net position.	
Change in estimated liability for workers' compensation	(119,866)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in accrued interest payable on long-term liabilities	38,830
Amortization of issuance premiums and discounts, and deferred charge on refunding	21,804
Change in net other postemployment benefit obligation	(4,667,046)
Change in net pension liability and related deferral amounts	(9,491,689)
Change in the accrual for compensated absences	(125,074)
Change in net position of governmental activities	<u>\$ (13,184,061)</u>

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

CITY OF LANSING, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 38,952,000	\$ 38,952,000	\$ 39,597,810	\$ 645,810
Income taxes	33,150,000	34,670,000	35,694,010	1,024,010
Licenses and permits	1,652,500	1,630,500	1,494,298	(136,202)
Intergovernmental	15,655,900	15,655,900	16,211,983	556,083
Charges for services	9,153,500	9,820,440	9,113,089	(707,351)
Fines and forfeits	2,960,100	2,960,100	2,240,100	(720,000)
Interest and rents	38,500	38,500	161,228	122,728
Contributions	22,000,000	21,762,500	21,973,270	210,770
Other revenues	320,500	128,000	158,592	30,592
Total revenues	123,883,000	125,617,940	126,644,380	1,026,440
Expenditures				
General government:				
Attorney's office	1,880,700	1,740,700	1,713,062	(27,638)
City clerk	1,018,700	1,018,700	1,046,228	27,528
Council	675,800	675,800	639,021	(36,779)
Courts	6,247,400	6,197,400	6,090,057	(107,343)
Internal audit	202,200	172,200	153,220	(18,980)
Finance	5,063,800	4,963,800	4,745,147	(218,653)
Library rental	165,000	165,000	130,615	(34,385)
LEPFA support	331,400	1,257,300	1,257,300	-
Human resources	2,139,000	2,139,000	2,134,094	(4,906)
Mayor	1,050,200	1,050,200	1,047,284	(2,916)
Office of community media	415,600	415,600	380,823	(34,777)
Office of financial empowerment	182,100	202,100	199,880	(2,220)
Planning / neighborhood development	1,091,500	1,261,500	1,154,267	(107,233)
Budgetary savings from attrition	(800,000)	-	-	-
Total general government	19,663,400	21,259,300	20,690,998	(568,302)
Public safety:				
Police	38,952,900	39,252,900	38,837,419	(415,481)
Fire	33,612,300	33,590,410	33,303,178	(287,232)
Total public safety	72,565,200	72,843,310	72,140,597	(702,713)
Public works	10,867,100	11,032,712	11,200,151	167,439
Recreation and culture	7,893,900	7,893,900	7,749,245	(144,655)

continued...

CITY OF LANSING, MICHIGAN

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Other functions:				
Human relations / community services	\$ 1,249,200	\$ 1,119,200	\$ 998,795	\$ (120,405)
Human services / community support	1,537,500	1,876,861	1,712,184	(164,677)
Total other functions	<u>2,786,700</u>	<u>2,996,061</u>	<u>2,710,979</u>	<u>(285,082)</u>
Debt service:				
Principal	850,000	1,662,000	1,661,987	(13)
Interest	195,200	539,300	537,720	(1,580)
Total debt service	<u>1,045,200</u>	<u>2,201,300</u>	<u>2,199,707</u>	<u>(1,593)</u>
Total expenditures	<u>114,821,500</u>	<u>118,226,583</u>	<u>116,691,677</u>	<u>(1,534,906)</u>
Revenues over expenditures	<u>9,061,500</u>	<u>7,391,357</u>	<u>9,952,703</u>	<u>2,561,346</u>
Other financing sources (uses)				
Transfers in	117,000	417,000	520,338	103,338
Transfers out	(8,678,500)	(8,307,871)	(8,201,433)	(106,438)
Proceeds on sale of capital assets	-	130,000	97,255	(32,745)
Total other financing sources (uses)	<u>(8,561,500)</u>	<u>(7,760,871)</u>	<u>(7,583,840)</u>	<u>177,031</u>
Net change in fund balance	500,000	(369,514)	2,368,863	2,738,377
Fund balance, beginning of year	<u>13,328,403</u>	<u>13,328,403</u>	<u>13,328,403</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,828,403</u>	<u>\$ 12,958,889</u>	<u>\$ 15,697,266</u>	<u>\$ 2,738,377</u>

concluded

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

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CITY OF LANSING, MICHIGAN

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.

Nonmajor Funds and Internal Service Funds

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

CITY OF LANSING, MICHIGAN

Statement of Net Position

Proprietary Funds
June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewage Disposal System	Municipal Parking System	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 5,447,246	\$ 562,852	\$ 48,008	\$ 6,058,106	\$ 57,842
Equity in pooled cash and investments	20,507,369	9,132,734	1,759,573	31,399,676	5,752,901
Accounts receivable, net	14,946,000	260,861	73,432	15,280,293	71,003
Accrued interest receivable	42,978	92,302	-	135,280	-
Lease receivable, current	642,788	-	-	642,788	-
Inventories	322,177	-	51,324	373,501	481,514
Prepays	-	5,000	-	5,000	299,615
Due from other funds	1,600,000	362,870	-	1,962,870	-
Due from component units	1,109,931	-	-	1,109,931	-
Total current assets	44,618,489	10,416,619	1,932,337	56,967,445	6,662,875
Noncurrent assets:					
Restricted cash and cash equivalents	2,411,715	151,486	-	2,563,201	-
Advances to other funds	-	257,477	-	257,477	-
Lease receivable, net of current portion	7,512,563	14,738,431	-	22,250,994	-
Capital assets not being depreciated	9,285,381	12,367,501	504,241	22,157,123	92,892
Capital assets being depreciated, net	321,912,911	15,692,518	2,832,725	340,438,154	12,410,237
Total noncurrent assets	341,122,570	43,207,413	3,336,966	387,666,949	12,503,129
Total assets	385,741,059	53,624,032	5,269,303	444,634,394	19,166,004
Deferred outflows of resources					
Deferred charge on refunding	1,088,903	1,357,667	-	2,446,570	-
Deferred pension amounts	1,178,950	426,007	826,266	2,431,223	-
Total deferred outflows of resources	2,267,853	1,783,674	826,266	4,877,793	-
Liabilities					
Current liabilities:					
Accounts payable	1,265,588	101,050	106,200	1,472,838	778,132
Deposits payable	-	66,715	-	66,715	-
Accrued interest payable	744,530	126,398	5,046	875,974	26,253
Accrued payroll	89,832	42,648	18,982	151,462	163,135
Claims incurred but not reported	-	-	-	-	885,000
Due to other funds	359,928	2,942	-	362,870	-
Due to component units	1,408,365	-	-	1,408,365	-
Unearned revenues	-	-	128,872	128,872	-
Bonds and notes payable, current portion	11,825,000	1,970,000	221,223	14,016,223	832,965
Compensated absences, current portion	19,654	-	23,172	42,826	65,835
Total current liabilities	15,712,897	2,309,753	503,495	18,526,145	2,751,320
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	117,559,098	31,390,064	808,500	149,757,662	3,030,050
Compensated absences, net of current portion	435,274	139,322	177,408	752,004	769,876
Net pension liability	13,219,121	4,641,540	8,537,587	26,398,248	-
Total noncurrent liabilities	131,213,493	36,170,926	9,523,495	176,907,914	3,799,926
Total liabilities	146,926,390	38,480,679	10,026,990	195,434,059	6,551,246
Deferred inflows of resources					
Deferred pension amounts	1,391,491	473,460	817,315	2,682,266	-
Net position					
Net investment in capital assets	211,058,448	10,796,053	2,307,243	224,161,744	8,640,114
Restricted for debt retirement	1,667,185	-	-	1,667,185	-
Restricted for capital projects	-	151,486	-	151,486	-
Unrestricted (deficit)	26,965,398	5,506,028	(7,055,979)	25,415,447	3,974,644
Total net position	\$ 239,691,031	\$ 16,453,567	\$ (4,748,736)	\$ 251,395,862	\$ 12,614,758

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

CITY OF LANSING, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewage Disposal System	Municipal Parking System	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Operating revenues					
Charges for services	\$ 34,755,896	\$ 6,906,091	\$ 6,227,572	\$ 47,889,559	\$ 78,004,573
Operating expenses					
Personal services	6,373,370	2,049,770	3,352,611	11,775,751	8,093,046
Purchase of goods and services	7,470,279	1,693,054	2,915,446	12,078,779	68,650,239
Depreciation	10,316,607	1,739,900	384,001	12,440,508	1,933,795
Total operating expenses	24,160,256	5,482,724	6,652,058	36,295,038	78,677,080
Operating income (loss)	10,595,640	1,423,367	(424,486)	11,594,521	(672,507)
Nonoperating revenues (expenses)					
Interest revenue	297,805	43,045	10,527	351,377	-
Gain (loss) on sale of capital assets	-	(142,076)	2,015	(140,061)	54,365
Interest expense and fees	(3,406,972)	(1,241,947)	(33,878)	(4,682,797)	(141,962)
Capital contribution to others	-	-	(214,486)	(214,486)	-
Other revenues	-	1,037,934	-	1,037,934	-
Total nonoperating revenue (expenses)	(3,109,167)	(303,044)	(235,822)	(3,648,033)	(87,597)
Income (loss) before contributions and transfers	7,486,473	1,120,323	(660,308)	7,946,488	(760,104)
Contributions and transfers					
Capital contributions	100,000	-	-	100,000	-
Transfers in	-	-	1,085,749	1,085,749	1,650,000
Transfers out	(300,000)	-	(39,540)	(339,540)	(785,900)
Total contributions and transfers	(200,000)	-	1,046,209	846,209	864,100
Change in net position	7,286,473	1,120,323	385,901	8,792,697	103,996
Net position, beginning of year	232,404,558	15,333,244	(5,134,637)	242,603,165	12,510,762
Net position, end of year	\$ 239,691,031	\$ 16,453,567	\$ (4,748,736)	\$ 251,395,862	\$ 12,614,758

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

CITY OF LANSING, MICHIGAN

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewage Disposal System	Municipal Parking System	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Cash flows from operating activities					
Cash received from customers	\$ 26,365,411	\$ 6,660,624	\$ 6,261,403	\$ 39,287,438	\$ -
Cash received from interfund services	-	-	-	-	78,513,825
Cash payments for goods and services	(8,857,149)	(1,625,927)	(2,954,533)	(13,437,609)	(68,691,581)
Cash payments to employees	(6,857,228)	(2,206,191)	(3,726,868)	(12,790,287)	(7,788,630)
Net cash provided by (used in) operating activities	10,651,034	2,828,506	(419,998)	13,059,542	2,033,614
Cash flows from noncapital financing activities					
Transfers in	-	-	1,085,749	1,085,749	1,650,000
Transfers out	(300,000)	-	(39,540)	(339,540)	(785,900)
Cash advanced to other funds	-	(16,168)	-	(16,168)	-
Net cash provided by (used in) noncapital financing activities	(300,000)	(16,168)	1,046,209	730,041	864,100
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	49,343	2,015	51,358	102,751
Acquisition and construction of capital assets	(3,491,202)	(125,527)	(74,512)	(3,691,241)	(2,191,524)
Capital contributions received	100,000	-	-	100,000	-
Capital contributions to others	-	-	(214,486)	(214,486)	-
Proceeds from issuance of long-term debt	1,767,693	-	-	1,767,693	-
Principal paid on long-term debt	(11,810,073)	(1,920,000)	(321,950)	(14,052,023)	(893,799)
Interest paid on long-term debt	(3,538,367)	(1,159,270)	(32,854)	(4,730,491)	(147,541)
Payments received on capital lease	631,084	-	-	631,084	-
Net cash used in capital and related financing activities	(16,340,865)	(3,155,454)	(641,787)	(20,138,106)	(3,130,113)
Cash flows from investing activities					
Interest and dividends received	301,064	44,322	10,527	355,913	-
Payments received on loans made to others	-	63,848	-	63,848	-
Net cash provided by investing activities	301,064	108,170	10,527	419,761	-
Net change in cash and cash equivalents	(5,688,767)	(234,946)	(5,049)	(5,928,762)	(232,399)
Cash and cash equivalents, beginning of year	34,055,097	10,082,018	1,812,630	45,949,745	6,043,142
Cash and cash equivalents, end of year	\$ 28,366,330	\$ 9,847,072	\$ 1,807,581	\$ 40,020,983	\$ 5,810,743
Reconciliation to statement of net position					
Cash and cash equivalents	\$ 5,447,246	\$ 562,852	\$ 48,008	\$ 6,058,106	\$ 57,842
Equity in pooled cash and investments	20,507,369	9,132,734	1,759,573	31,399,676	5,752,901
Restricted cash and cash equivalents	2,411,715	151,486	-	2,563,201	-
	\$ 28,366,330	\$ 9,847,072	\$ 1,807,581	\$ 40,020,983	\$ 5,810,743

continued...

CITY OF LANSING, MICHIGAN

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities
	Sewage Disposal System	Municipal Parking System	Nonmajor Enterprise Funds	Totals	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 10,595,640	\$ 1,423,367	\$ (424,486)	\$ 11,594,521	\$ (672,507)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	10,316,607	1,739,900	384,001	12,440,508	1,933,795
Change in:					
Accounts receivable	(26,897)	93,273	11,245	77,621	509,252
Inventories	(11,094)	-	12,140	1,046	(106,623)
Prepays	-	(4,400)	-	(4,400)	62,997
Due from other funds	(8,363,588)	(347,080)	-	(8,710,668)	-
Due from component units	(1,109,931)	-	-	(1,109,931)	-
Accounts payable	557,000	68,585	(48,930)	576,655	2,284
Deposits payable	-	8,340	-	8,340	-
Accrued payroll	20,191	9,172	(5,441)	23,922	27,923
Claims incurred but not reported	-	-	-	-	228,936
Due to other funds	(2,231,210)	2,942	(2,297)	(2,230,565)	-
Due to component units	1,408,365	-	-	1,408,365	-
Unearned revenues	-	-	22,586	22,586	-
Compensated absences	62,781	24,358	(51,567)	35,572	47,557
Net pension liability and related deferred amounts	(566,830)	(189,951)	(317,249)	(1,074,030)	-
Net cash provided by (used in) operating activities	<u>\$ 10,651,034</u>	<u>\$ 2,828,506</u>	<u>\$ (419,998)</u>	<u>\$ 13,059,542</u>	<u>\$ 2,033,614</u>

concluded

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

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CITY OF LANSING, MICHIGAN

Fiduciary Fund Financial Statements

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

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, within the Combining and Individual Fund Financial Statements and Schedules section of this report as noted in the table of contents.

CITY OF LANSING, MICHIGAN

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2017

	Pension and Other Postemployment Benefits Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 17,339,063	\$ -
Equity in pooled cash and investments	2,387,484	69,891
Investments:		
Money market funds	10,365,214	-
Government obligations	48,998,208	-
Corporate bonds	52,681,676	-
Common stocks	129,315,722	-
Emerging markets	730,520	-
Mutual funds	297,248,253	-
Contribution receivable	10,150	-
Dividends and interest receivable	393,025	-
Total assets	559,469,315	\$ 69,891
Liabilities		
Accounts payable	9,913,641	\$ -
Undistributed receipts	-	69,891
Due to other funds	-	-
Total liabilities	9,913,641	\$ 69,891
Net position restricted for		
Pension benefits	460,741,710	
Other postemployment benefits	88,813,964	
Total net position	\$ 549,555,674	

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

CITY OF LANSING, MICHIGAN

Statement of Changes in Fiduciary Net Position Pension and Other Postemployment Benefits Trust Funds For the Year Ended June 30, 2017

Additions	
Investment income:	
Net appreciation in fair value of investments	\$ 53,887,426
Interest income	2,139,931
Dividend income	4,213,808
Investment expenses	<u>(1,784,828)</u>
Net investment income	<u>58,456,337</u>
Contributions:	
Employer	45,453,707
Plan members	<u>4,130,131</u>
Total contributions	<u>49,583,838</u>
Total additions	<u>108,040,175</u>
Deductions	
Participant benefits	75,283,690
Administrative expense	<u>1,012,685</u>
Total deductions	<u>76,296,375</u>
Change in net position	31,743,800
Net position restricted for pension and other postemployment benefits	
Beginning of year	<u>517,811,874</u>
End of year	<u>\$ 549,555,674</u>

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

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COMPONENT UNITS

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CITY OF LANSING, MICHIGAN

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 Finance 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, MICHIGAN

Combining Statement of Net Position Discretely Presented Component Units June 30, 2017

	Brownfield Redevelopment Authority	Tax Increment Finance Authority	Lansing Entertainment & Public Facilities Authority	Totals
Assets				
Cash and cash equivalents	\$ 1,017,945	\$ 3,413,323	\$ 209,388	\$ 4,640,656
Receivables, net	242,643	-	1,181,925	1,424,568
Due from primary government	1,408,365	-	-	1,408,365
Inventories, prepaids and other assets	-	-	200,006	200,006
Restricted cash and cash equivalents	-	537,565	570,801	1,108,366
Capital assets being depreciated, net	-	-	2,768	2,768
Total assets	2,668,953	3,950,888	2,164,888	8,784,729
Deferred outflows of resources				
Deferred charge on refunding	-	3,778,351	-	3,778,351
Liabilities				
Accounts payable and accrued liabilities	579,608	11,900	659,498	1,251,006
Accrued interest payable	-	15,789,447	-	15,789,447
Unearned revenues	-	-	284,175	284,175
Due to primary government	-	1,109,931	-	1,109,931
Long-term debt:				
Due within one year	-	673,684	-	673,684
Due in more than one year	-	29,996,721	-	29,996,721
Total liabilities	579,608	47,581,683	943,673	49,104,964
Net position				
Investment in capital assets	-	-	2,768	2,768
Restricted for debt service	-	537,565	-	537,565
Unrestricted (deficit)	2,089,345	(40,390,009)	1,218,447	(37,082,217)
Total net position	\$ 2,089,345	\$ (39,852,444)	\$ 1,221,215	\$ (36,541,884)

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

CITY OF LANSING, MICHIGAN

Combining Statement of Activities Discretely Presented Component Units For the Year Ended June 30, 2017

	Brownfield Redevelopment Authority	Tax Increment Finance Authority	Lansing Entertainment & Public Facilities Authority	Totals
Expenses				
Brownfield redevelopment	\$ 769,979	\$ -	\$ -	\$ 769,979
Community development	-	3,891,930	-	3,891,930
Recreation and culture	-	-	8,611,237	8,611,237
Total expenses	769,979	3,891,930	8,611,237	13,273,146
Program revenues				
Charges for services	-	-	7,052,871	7,052,871
Operating grants and contributions	196,498	-	1,257,300	1,453,798
Total program revenues	196,498	-	8,310,171	8,506,669
Net program expense	(573,481)	(3,891,930)	(301,066)	(4,766,477)
General revenues				
Property taxes	1,639,427	2,635,591	394,021	4,669,039
Unrestricted investment earnings	2,390	11,449	1	13,840
Total general revenues	1,641,817	2,647,040	394,022	4,682,879
Changes in net position	1,068,336	(1,244,890)	92,956	(83,598)
Net position, beginning of year	1,021,009	(38,607,554)	1,128,259	(36,458,286)
Net position, end of year	\$ 2,089,345	\$ (39,852,444)	\$ 1,221,215	\$ (36,541,884)

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

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NOTES TO FINANCIAL STATEMENTS

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CITY OF LANSING, MICHIGAN

Index - Notes to Financial Statements

	<u>Page</u>
1. Summary of Significant Accounting Policies	62
Reporting Entity	
Government-wide and Fund Financial Statements	
Measurement Focus, Basis of Accounting, and Financial Statement Presentation	
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity	
2. Budgetary Information	72
3. Deficit Fund Equity	73
4. Deposits and Investments	74
5. Receivables	80
6. Capital Assets	82
7. Accounts Payable and Accrued Liabilities	84
8. Interfund Receivables, Payables and Transfers	84
9. Long-Term Debt	86
10. Fund Balances - Governmental Funds	89
11. Net Investment in Capital Assets	90
12. Segment Information - Enterprise Funds	90
13. Risk Management	91
14. Property Taxes	92
15. Contingent Liabilities	92
16. Pension Plans	92
17. Other Postemployment Benefits	106
18. Operating Leases	116
19. Tax Abatements	117

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

Blended Component Unit

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

The Building Authority (the “Authority”) was established by the City under Act 31, Michigan Public Acts of 1948. The Mayor, with the advice and consent of City Council, appoints the Authority’s governing body and designates management. The Authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of capital assets for the City only. The bonds are secured by lease agreements with the City and will be retired through lease payments from the City. The financial activity, assets, liabilities and equity of the Authority are incorporated within the City’s Municipal Parking System and Golf enterprise funds, and the 2015 Refunding Debt Service Fund.

Discretely Presented Component Units

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

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

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

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

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

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Component Unit Financial Statements

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

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

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

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

Joint Venture

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

Government-wide and Fund Financial Statements

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

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

The City reports the following major governmental fund:

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

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 operation of City-owned parking facilities.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

The *Agency Fund* account for resources held in a fiduciary capacity for the 54-A District Court.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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 position/balance sheet as "equity in pooled cash." The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Restricted cash consists of amounts required to be maintained separately in accordance with bond covenants.

State statutes authorize the City to invest in:

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

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

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

Bankers' acceptances of United States banks.

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

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

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

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 and other postemployment benefit trust fund investments due to changes in fair value are recognized each year.

Receivables

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

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

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Amounts received in advance of project costs being incurred are reported as unearned revenue.

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

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

Inventories and Prepays

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

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

CITY OF LANSING, MICHIGAN

Notes to 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 are defined by the City as assets having a useful life in excess of three years and whose costs exceed \$5,000 (\$100,000 for buildings). Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at their estimated acquisition cost as of the donation date.

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

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

	Years
Buildings	20-50
Improvements	8-50
Equipment	3-15
Sanitary sewers	50
Infrastructure	10-75

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

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

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plans as well as for the deferred charge on refunding. A deferred refunding charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Payables

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.

Compensated Absences

It is the City'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% of sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Unearned Revenue

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

Long-term Obligations

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

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

Deferred Inflows of Resources

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Fund Balances

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

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

Interfund Transactions

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

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

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

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

- On or before the fourth Monday in March, the Mayor submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- Public hearings are conducted to obtain taxpayer comments.
- Not later than the third Monday in May, the Council adopts a budget through passage of a resolution.
- The appropriated budget is prepared by fund, department and the mandatory expenditure accounts as established by the State of Michigan's Uniform Chart of Accounts. Within the General Fund, the legal level of budgetary control is the mandatory expenditure accounts (personal services, supplies and operating expenses, capital outlay, debt service, transfers, and contingency) within each department. Within other funds, the legal level of budgetary control is the mandatory expenditure accounts (personal services, supplies and operating expenses, capital outlay, debt service, transfers, and contingency) within that fund. Transfers between appropriations (mandatory accounts) require City Council approval. An exception to City Council approval is allowed by City Charter for transfers between appropriations (mandatory accounts) for amounts less than five thousand dollars, but not in excess of 15% of the appropriation in cases where five thousand dollars exceeds 15% of the appropriation.

Copies of the City's separately issued budget report may be obtained from the Finance Department, 124 West Michigan Avenue, Lansing, Michigan 48933.

- The City formally adopts operating budgets for the General Fund and all special revenue funds.
- Budgetary integration is employed as a management control device during the year for all budgeted funds. Except for the General Fund, these budgets are adopted on a basis consistent with generally accepted accounting principles ("GAAP"). In the General Fund, capital lease payments / installment payments are budgeted, but capital lease acquisitions are not. There were no capital lease acquisitions during the year ended June 30, 2017.
- Appropriations lapse at year-end for all annual budgets. Appropriations are automatically carried forward for project-type budgets.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended June 30, 2017, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General fund:			
General government:			
City clerk	\$ 1,018,700	\$ 1,046,228	\$ 27,528
Public works	11,032,712	11,200,151	167,439
Nonmajor governmental funds:			
State and federal grants fund:			
Public works	-	1,364	1,364
Transfers out	-	7,107	7,107

The above budgeted amounts are presented at the activity level, which is the required minimum level of control per the Michigan Uniform Budget Manual.

3. DEFICIT FUND EQUITY

Governmental activities reported a deficit in unrestricted net position in the amount of \$276,760,945 at June 30, 2017. Total net position amounted to a deficit of \$116,263,047, inclusive of \$252,315,241 net pension liability.

The Community Development Block Grant Program Special Revenue Fund reported a deficit unassigned fund balance of \$200,000. Total fund balance (which included \$200,000 classified as committed related to a long-term advance), was \$0.

The Special Assessments Capital Projects Fund reported a deficit fund balance of \$211,098. The fund received a long-term advance from the general fund that was used to provide the working capital for the fund in prior years. The deficit is the result of deferred special assessments receivable. As special assessments are collected, this deficit will be eliminated, and the advance repaid.

The Cemetery, Golf, Garbage and Rubbish Collection, and Recycling Enterprise Funds reported deficits in unrestricted fund net position of \$889,812, \$1,009,079, \$2,219,382, and \$2,937,706, respectively, as a result of the net pension liability. Excluding the net pension liability, unrestricted net positions were \$122,456, \$57,554, \$252,272, and \$1,040,375, respectively. Total fund net position amounted to deficits of \$725,193, \$2,219,382, and \$3,214,898 for the Cemetery, Garbage and Rubbish Collection, and Recycling funds, respectively. Excluding the net pension liability, total net positions were \$296,169 for the Cemetery fund, \$319,747 for the Garbage and Rubbish Collection fund, and \$691,434 for the Recycling fund. Total fund net position for the Golf fund was positive at \$1,410,737, inclusive of the net pension liability and the net investment in capital assets.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

The Tax Increment Finance Authority component unit reported a deficit in unrestricted net position of \$40,390,009 at June 30, 2017. The deficit is a result of full-accrual accounting for long-term debt, without reflecting a corresponding receivable for tax captures to be received in future periods (which cannot be accrued in accordance with generally accepted accounting principles).

4. DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposit and investment balances for the primary government (including both pooled cash and investments as well as pension and other postemployment benefit (OPEB) trust fund balances) as of June 30, 2017:

	Primary Government	Component Units	Totals
Statement of net position			
Cash and investments	\$ 66,930,858	\$ 4,640,656	\$ 71,571,514
Restricted cash and investments	2,563,201	1,108,366	3,671,567
Statement of fiduciary net position			
Pension and OPEB trust funds:			
Cash and cash equivalents	17,339,063	-	17,339,063
Equity in pooled cash and investments	2,387,484	-	2,387,484
Investments	539,339,593	-	539,339,593
Agency funds:			
Equity in pooled cash and investments	69,891	-	69,891
Total	\$ 628,630,090	\$ 5,749,022	\$ 634,379,112
Deposits and investments			
Bank deposits:			
Checking/savings accounts			\$ 80,180,788
Certificate of deposit (due within one year)			1,712,799
Total bank deposits			81,893,587
Investment in securities and mutual funds:			
Pooled investments			12,773,102
Pension and OPEB investments			539,339,593
Total investment in securities and mutual funds			552,112,695
Cash on hand			372,830
Total			\$ 634,379,112

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, \$81,199,442 of the City's bank balance of \$84,507,163 was exposed to custodial credit risk because it was uninsured and uncollateralized.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

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. As of June 30, 2017, the City's pooled investments consisted entirely of mutual funds totaling \$12,773,102.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the City does not have a policy for investment custodial credit risk. On the investments listed above, there is no custodial credit risk, as these investments are uncategorized as to credit risk.

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

S&P AAAm	\$ 11,773,652
S&P A1	<u>999,450</u>
Total	<u>\$ 12,773,102</u>

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

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

Pension and Other Postemployment Benefit Trust Funds

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Deposits

The pension and OPEB 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 position are composed entirely of short-term investments in money market accounts.

Investments

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

The investments of each pension trust fund are held in a bank administered trust fund. Following is a summary of pension and other postemployment benefits investments as of June 30, 2017:

	Employees' Retirement System	Police and Fire Retirement System	Employees' Money Purchase Pension Plan	Retiree Health Care VEBA	Totals
Investments					
U.S. treasuries:					
Not on securities loan	\$ 3,940,871	\$ 7,723,066	\$ 12,829	\$ -	\$ 11,676,766
On securities loan	4,289,624	2,361,066	-	-	6,650,690
U.S. agencies:					
Not on securities loan	13,715,104	16,955,648	-	-	30,670,752
Domestic corporate securities:					
Not on securities loan	23,118,949	28,938,240	-	-	52,057,189
Domestic equities:					
Not on securities loan	30,941,452	62,990,207	-	-	93,931,659
On securities loan	13,164,526	20,527,250	-	-	33,691,776
International equities:					
Not on securities loan	566,526	1,125,761	-	-	1,692,287
Emerging markets equities	-	-	-	730,520	730,520
Collateralized mortgage obligations	288,827	335,660	-	-	624,487
Real estate investment funds	17,782,043	22,667,186	-	-	40,449,229
International equity mutual funds	64,818,067	94,319,110	108,285	2,761,331	162,006,793
Domestic equity mutual funds	16,145,838	37,307,229	1,604,644	10,455,722	65,513,433
Domestic debt securities mutual funds	-	-	604,681	11,252,566	11,857,247
International debt securities mutual funds	-	17,421,551	-	-	17,421,551
Money market funds	6,141,228	3,506,020	-	717,966	10,365,214
Total investments	\$ 194,913,055	\$ 316,177,994	\$ 2,330,439	\$ 25,918,105	\$ 539,339,593

CITY OF LANSING, MICHIGAN

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 and other postemployment benefits investments were rated by Standard & Poor's as follows:

	Employees' Retirement System	Police and Fire Retirement System	Employees' Money Purchase Pension Plan	Retiree Health Care VEBA	Totals
AAA	\$ 158,252	\$ 194,733	\$ -	\$ -	\$ 352,985
AA	-	-	162,842	-	162,842
A	-	-	205,940	-	205,940
BBB+	11,934,578	17,421,551	-	-	29,356,129
BBB	-	-	-	11,252,566	11,252,566
BB	-	-	50,290	-	50,290
US government guaranteed	21,549,921	26,509,560	-	-	48,059,481
Not rated	31,385,407	34,678,052	-	-	66,063,459
Assets not subject to credit risk	129,884,897	237,374,098	1,911,367	14,665,539	383,835,901
	<u>\$ 194,913,055</u>	<u>\$ 316,177,994</u>	<u>\$ 2,330,439</u>	<u>\$ 25,918,105</u>	<u>\$ 539,339,593</u>

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

Concentration of Credit Risk. At June 30, 2017, the pension and other postemployment benefits investment portfolio was concentrated as follows:

Investment Type	Issuer	Employees' Retirement System	Police and Fire Retirement System
Corporate bonds	Western Asset Funds, Inc.	11.9%	9.2%
Common stock	Northern Trust Bank, N.A.	8.3%	11.8%

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

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

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

Investment (currency in U.S. dollar)	Employees' Retirement System	Police and Fire Retirement System	Employees' Money Purchase Pension Plan	Retiree Health Care VEBA	Totals
International equities:					
Canada	\$ 332,606	\$ 639,222	\$ -	\$ -	\$ 971,828
Peru	9,662	21,263	-	-	30,925
The Netherlands	15,246	33,881	-	-	49,127
United Kingdom	163,934	333,803	-	-	497,737
France	45,077	97,593	-	-	142,670
International mutual funds	64,818,067	111,740,661	108,285	2,761,331	179,428,344
Total	\$ 65,384,592	\$ 112,866,423	\$ 108,285	\$ 2,761,331	\$ 181,120,631

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City's pension investment policies provide that the average duration of fixed income securities shall not deviate from the Lehman Brothers Aggregate Index duration by +/-20%. As of June 30, 2017, maturities of the City's pension and other postemployment benefits trust debt securities and collateralized mortgage obligations were as follows:

	Investment Maturities (Fair Value)				
	Less than 1 year	1-5 years	6-10 years	More than 10 years	Total
Employees' Retirement System					
U.S. agencies	\$ -	\$ 866,310	\$ -	\$ -	\$ 866,310
U.S. government bonds	1,524,255	3,215,907	2,310,046	1,180,287	8,230,495
U.S. government mortgage backed securities	18	144,714	1,764,102	7,228,662	9,137,496
U.S. government issued commercial mortgage backed securities	185,348	62,313	1,386,524	623,462	2,257,647
Commercial mortgage backed securities	-	-	72,051	216,776	288,827
Total	\$ 1,709,621	\$ 4,289,244	\$ 5,532,723	\$ 9,249,187	\$ 20,780,775

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

	Investment Maturities (Fair Value)				
	Less than 1 year	1-5 years	6-10 years	More than 10 years	Total
Police and Fire Retirement System					
U.S. agencies	\$ -	\$ 1,144,978	\$ -	\$ -	\$ 1,144,978
U.S. government bonds	2,161,250	5,134,878	1,421,412	1,366,592	10,084,132
U.S. government mortgage backed securities	1,861	217,599	1,100,726	10,279,565	11,599,751
U.S. government issued commercial mortgage backed securities	277,855	63,464	1,762,125	782,099	2,885,543
Commercial mortgage backed securities	-	-	92,637	243,023	335,660
Total	\$ 2,440,966	\$ 6,560,919	\$ 4,376,900	\$ 12,671,279	\$ 26,050,064

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

Securities on loan at year-end are classified in the preceding schedule of custodial credit risk according to the category for the collateral received on the securities lent. At year-end, the pension trust funds have no credit risk exposure to borrowers because the collateral held by the custodians exceeds the market value of the related securities lent. At June 30, 2017, the fair value of securities on loan by the Employees' Retirement System and the Police and Fire Retirement System were \$17,454,150 and \$22,888,316, respectively, for which the Plans' received cash collateral of \$17,865,560 and \$23,422,689, respectively. The contract with the pension and other postemployment benefits trust fund custodians require them to indemnify the City if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the City for income distributions by the securities' issuers while the securities are on loan.

Fair Value Measurement

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

The City has the following recurring fair value measurements as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
U.S. agencies	\$ -	\$ 18,327,456	\$ -	\$ 18,327,456
U.S. government bonds	-	30,670,752	-	30,670,752
Collateralized mortgage obligations	624,487	-	-	624,487
Mutual funds	283,836,845	38,447,590	-	322,284,435
Domestic equities	107,503,182	-	-	107,503,182
International equities	1,692,287	-	-	1,692,287
Emerging equities	20,850,773	-	-	20,850,773
Commercial paper	-	999,450	-	999,450
Money market funds	10,365,214	11,773,652	-	22,138,866
	<u>\$ 424,872,788</u>	<u>\$ 100,218,900</u>	<u>\$ -</u>	<u>525,091,688</u>
Investments carried at net asset value:				
Equity funds				25,019,368
Private equity partnerships				2,001,639
Total investments				<u>\$ 552,112,695</u>

Net Asset Value Investments. Certain investments noted above are carried at net asset value as these are not actively traded. The fair value is estimated based on the dollar value per share as of June 30, 2017. These investments are able to be liquidated as needed, to the extent there is a willing buyer in the market. There are not any restrictions related to the sale of these investments. At June 30, 2017, the City had \$2,777,958 outstanding on initial commitments of \$8,600,000 with the Invesco Mortgage Recovery Fund (the "Fund"). The Fund has a seven year life, and the intent is to sell all of the investments prior to the Fund's maturity. The other investments at net asset value do not contain required redemption periods.

5. RECEIVABLES

Receivables are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 8,555,248	\$ 15,620,083	\$ 1,181,925
Taxes receivable	240,272	-	-
Special assessments receivable	288,878	-	-
Loans receivable	1,426,440	-	241,658
Accrued interest receivable	2,355,617	135,280	-
Due from other governments	14,449,412	-	985
Lease receivable	-	22,893,782	-
Allowance for uncollectible accounts	(608,455)	(339,790)	-
	<u>\$ 26,707,412</u>	<u>\$ 38,309,355</u>	<u>\$ 1,424,568</u>
Amount not expected to be collected within one year	<u>\$ 3,822,675</u>	<u>\$ 22,250,994</u>	<u>\$ 237,158</u>

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

The Brownfield Redevelopment Authority component unit is also party to loan agreements in which the associated loans are expected to be repaid by future collections of tax increment revenues related to the properties being cleaned up. The liability of the local corporations is limited to any shortfalls in future collection of tax increment revenues. Because these balances are not expected to be collected from outside parties, no balance is reported in the Brownfield Redevelopment Authority statements. The outstanding balance of such loans at June 30, 2017 consisted of the following:

Brownfield Revolving Loan Fund loan to Michigan Avenue Investors, LLC for cleanup related to a former gas station. Interest is accreted at 2.0% per annum.	\$ 55,075
Brownfield Revolving Loan Fund loan to Brownfield Development Specialists, LLC for cleanup related to the "Dard Building" in the City. Interest is stated at 0%.	250,000
Brownfield Revolving Loan Fund loan to Y Site, LLC for cleanup related to the former YMCA building. Interest is accreted at 3.0% per annum.	118,635
Brownfield Revolving Loan Fund loan to the High Grade Material Company for demolition and cleanup related to a single parcel of property in the City. Interest is accreted at 5.0% per annum.	86,325
Brownfield Cleanup Revolving Loan Fund loan to the City of Lansing Economic Development Corporation related to property formerly owned by the City of Lansing Board of Water and Light. Interest is stated at 0%.	409,096
Brownfield Revolving Loan Fund loan receivable to the City for cleanup related to a single parcel to be converted into a City parking lot. Interest is stated at 0%.	400,000
Brownfield Revolving Loan Fund loan receivable to the City for cleanup related to a redevelopment of the former Potter Mill property. Interest is stated at 0%.	200,000
Brownfield Revolving Loan Fund loan receivable to the City for cleanup related to redevelopment of the south side of the 2000 block of East Michigan Avenue. Interest is stated at 3%.	151,738
	\$ 1,670,869

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	\$ 25,838,193	\$ 58,346	\$ (16,350)	\$ -	\$ 25,880,189
Construction in progress	665,119	-	-	(665,119)	-
	<u>26,503,312</u>	<u>58,346</u>	<u>(16,350)</u>	<u>(665,119)</u>	<u>25,880,189</u>
Capital assets, being depreciated:					
Land improvements	19,945,351	848,128	-	665,119	21,458,598
Equipment and vehicles	37,596,867	2,673,127	(2,346,576)	-	37,923,418
Buildings	136,275,787	-	-	-	136,275,787
Infrastructure	301,996,447	2,977,633	(2,436,381)	-	302,537,699
	<u>495,814,452</u>	<u>6,498,888</u>	<u>(4,782,957)</u>	<u>665,119</u>	<u>498,195,502</u>
Less accumulated depreciation for:					
Land improvements	(9,660,294)	(829,977)	-	-	(10,490,271)
Equipment and vehicles	(30,820,173)	(2,109,442)	2,298,190	-	(30,631,425)
Buildings	(77,387,271)	(4,426,156)	-	-	(81,813,427)
Infrastructure	(210,262,741)	(4,506,657)	2,436,381	-	(212,333,017)
	<u>(328,130,479)</u>	<u>(11,872,232)</u>	<u>4,734,571</u>	<u>-</u>	<u>(335,268,140)</u>
Total capital assets being depreciated, net	<u>167,683,973</u>	<u>(5,373,344)</u>	<u>(48,386)</u>	<u>665,119</u>	<u>162,927,362</u>
Governmental activities capital assets, net	<u>\$ 194,187,285</u>	<u>\$ (5,314,998)</u>	<u>\$ (64,736)</u>	<u>\$ -</u>	<u>\$ 188,807,551</u>

At June 30, 2017, the City's governmental activities had outstanding commitments through construction contracts of approximately \$3,257,000.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	\$ 13,483,910	\$ -	\$ (191,419)	\$ -	\$ 13,292,491
Construction in progress	11,987,145	2,804,043	-	(5,926,556)	8,864,632
	<u>25,471,055</u>	<u>2,804,043</u>	<u>(191,419)</u>	<u>(5,926,556)</u>	<u>22,157,123</u>
Capital assets, being depreciated:					
Land improvements	25,336,226	-	-	-	25,336,226
Equipment and vehicles	7,124,067	226,596	(17,600)	-	7,333,063
Buildings	216,947,922	-	-	373,100	217,321,022
Sewers	336,118,519	660,602	-	5,553,456	342,332,577
	<u>585,526,734</u>	<u>887,198</u>	<u>(17,600)</u>	<u>5,926,556</u>	<u>592,322,888</u>
Less accumulated depreciation for:					
Land improvements	(13,775,046)	(554,974)	-	-	(14,330,020)
Equipment and vehicles	(5,739,157)	(407,999)	17,600	-	(6,129,556)
Buildings	(124,701,620)	(4,596,608)	-	-	(129,298,228)
Sewers	(95,246,003)	(6,880,927)	-	-	(102,126,930)
	<u>(239,461,826)</u>	<u>(12,440,508)</u>	<u>17,600</u>	<u>-</u>	<u>(251,884,734)</u>
Total capital assets being depreciated, net	<u>346,064,908</u>	<u>(11,553,310)</u>	<u>-</u>	<u>5,926,556</u>	<u>340,438,154</u>
Business-type activities capital assets, net	<u>\$ 371,535,963</u>	<u>\$ (8,749,267)</u>	<u>\$ (191,419)</u>	<u>\$ -</u>	<u>\$ 362,595,277</u>

At June 30, 2017, the City's business-type activities had outstanding commitments through construction contracts of approximately \$1,496,000.

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

Depreciation of governmental activities by function	
General government	\$ 429,527
Public safety	486,559
Public works	4,509,719
Recreation and culture	2,700,280
Community development	1,812,352
Internal service funds	1,933,795
Total depreciation expense - governmental activities	<u>\$ 11,872,232</u>
Depreciation of business-type activities by function	
Sewage disposal system	\$ 10,316,607
Municipal parking system	1,739,900
Cemetery	10,694
Golf	72,295
Recycling	301,012
Total depreciation expense - business-type activities	<u>\$ 12,440,508</u>

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 5,942,337	\$ 1,392,570	\$ 1,085,861
Deposits payable	102,376	66,715	-
Accrued payroll	1,668,793	151,462	165,145
Contract retainage payable	499,996	80,268	-
Due to other governments	2,105,286	-	-
Other	1,756,616	-	-
	<u>\$ 12,075,404</u>	<u>\$ 1,691,015</u>	<u>\$ 1,251,006</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2017, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
Nonmajor governmental funds	\$ -	\$ 1,600,000
Sewage disposal system	1,600,000	359,928
Municipal parking system	362,870	2,942
Total	<u>\$ 1,962,870</u>	<u>\$ 1,962,870</u>

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.

Advances to and from primary government funds

	Advances to Other Funds	Advances from Other Funds
Nonmajor governmental funds	\$ -	\$ 257,477
Municipal parking system	257,477	-
Total	<u>\$ 257,477</u>	<u>\$ 257,477</u>

Advances are made to the Special Assessments Fund to prevent a negative equity in pooled cash.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Due to and from component units

	Due from primary government	Due to component unit	Due to primary government	Due from component unit
Sewage disposal system	\$ -	\$ 1,408,365	\$ -	\$ 1,109,931
Brownfield redevelopment authority	1,408,365	-	-	-
Tax increment finance authority	-	-	1,109,931	-
Total	\$ 1,408,365	\$ 1,408,365	\$ 1,109,931	\$ 1,109,931

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.

For the year ended June 30, 2017, interfund transfers consisted of the following:

Transfers Out	Transfers In				Total
	General fund	Nonmajor governmental funds	Nonmajor enterprise funds	Internal service funds	
General fund	\$ -	\$ 6,551,433	\$ -	\$ 1,650,000	\$ 8,201,433
Nonmajor governmental funds	220,338	1,990,416	1,085,749	-	3,296,503
Sewage disposal system	300,000	-	-	-	300,000
Nonmajor enterprise funds	-	39,540	-	-	39,540
Internal service funds	-	785,900	-	-	785,900
Total	\$ 520,338	\$ 9,367,289	\$ 1,085,749	\$ 1,650,000	\$ 12,623,376

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.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

9. 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:

General obligation bonds	Interest Rate	Original Amount	Amount
Governmental activities:			
2007 Fire Station Refunding Bonds - Unlimited Tax	3.625-5.00%	\$ 1,780,000	\$ 395,000
2008 Michigan Transportation Fund Bonds - Limited Tax	3.00-4.00%	3,500,000	510,000
2009 Capital Improvement Bonds - Limited Tax	3.15-6.85%	10,197,000	8,535,000
2010 Fire Station Refunding Bonds - Unlimited Tax	2.60-2.65%	2,470,000	610,000
2013 Energy Efficiently Refunding Bonds - Limited Tax	2.40%	5,645,000	3,880,000
2010 Recovery Zone Economic Development Bonds	3.40-7.25%	3,200,000	2,485,000
2015 Building Authority Firing Range Bonds - Limited Tax	2.00%	320,000	160,000
2015 Lansing Center Refunding Bonds - Limited Tax	2.00-3.00%	1,770,000	1,490,000
		<u>\$ 28,882,000</u>	<u>\$ 18,065,000</u>
Business-type activities:			
2009 Building Authority Refunding Bonds - Limited Tax	6.014-6.584%	\$ 8,161,691	\$ 8,161,691
2012 Building Authority Refunding Bonds - Limited Tax	0.55-3.70%	7,200,000	5,600,000
2007 Building Authority Refunding Bonds - Limited Tax	3.625-5.00%	7,965,000	6,890,000
2014 Building Authority Refunding Bonds - Limited Tax	4.75%	7,245,000	7,245,000
1996 Limited Tax Sewer Bond - 5005-08	2.25%	3,995,000	245,000
1997 Limited Tax Sewer Bond - 5005-09	2.25%	4,746,780	561,780
1998 Limited Tax Sewer Bond - 5005-10	2.25%	10,539,950	1,859,950
1999 Limited Tax Sewer Bond - 5005-11	2.50%	10,120,000	1,860,000
2000 Limited Tax Sewer Bond - 5005-12	2.50%	9,447,830	2,247,830
2001 Limited Tax Sewer Bond - 5005-13	2.50%	10,573,046	3,123,046
2002 Limited Tax Sewer Bond - 5005-14	2.50%	12,381,131	4,946,131
2003 Limited Tax Sewer Bond - 5005-15	2.50%	10,145,688	4,645,688
2004 Limited Tax Sewer Bond - 5005-16	2.13%	3,842,649	1,892,649
2005 Limited Tax Sewer Bond - 5005-17	2.13%	8,003,778	3,903,778
2005 Limited Tax Sewer Bond - 5005-18	1.63%	13,389,371	6,789,371
2006 Limited Tax Sewer Bond - 5005-19	1.63%	18,216,346	10,511,346
2007 Limited Tax Sewer Bond - 5005-20	1.63%	24,244,726	14,959,726
2008 Limited Tax Sewer Bond - 5005-21	2.50%	27,494,933	19,285,453
2008 Limited Tax Sewer Bond - 5005-22	2.50%	14,455,604	11,405,604
2009 Capital Improvement Bonds	4.10-7.05%	9,803,000	8,890,000
2010 Limited Tax Sewer Bond - 5411-01	2.50%	8,548,000	7,103,000
2015 Limited Tax Sewer Bond - 5211-01	2.50%	3,372,405	3,102,405

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

	Interest Rate	Original Amount	Amount
General obligation bonds (concluded)			
Business-type activities (concluded):			
2015 Limited Tax Sewer Bond - 5211-02	2.50%	\$ 1,977,487	\$ 1,792,487
2016 Limited Tax Sewer Bond - 5581-01	2.50%	1,309,872	1,309,872
2014 Building Authority Refunding Bonds - Limited Tax	2.00-3.00%	6,765,000	5,685,000
		<u>\$ 243,944,287</u>	<u>\$ 144,016,807</u>

As of June 30, 2017, the Tax Increment Financing Authority component unit had defeased bonds outstanding consisting of \$6,430,000 related to the 1990 Tax Increment Finance Authority Bonds. This amount is scheduled to be paid by the escrow agent in installments on May 1 of years 2018 through 2020.

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 Rate	Original Amount	Amount
Revenue bonds - business type activities			
2013 Sewer Revenue and Refunding Bond	2.40%	<u>\$ 21,765,000</u>	<u>\$ 17,175,000</u>

Pledged revenues. The City has pledged future sewer customer revenues, net of specified operating expenses, to repay \$21,765,000 in sewer revenue and refunding bonds issued in 2013. Proceeds from the bonds provided financing for the construction for various sewer infrastructure projects. The bonds are payable solely from sewer customer net revenues and are payable through 2028. Annual principal and interest payments on the bonds are expected to require less than 14% of net revenues. The total principal and interest paid for the current year and total customer net revenues were \$2,349,188 and \$21,210,052 respectively.

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 Rate	Original Amount	Amount
Installment purchase agreements			
Governmental activities:			
2013 Lease Purchase Agreement - Garage	2.40%	\$ 1,892,332	\$ 397,180
2014 Lease Purchase Agreement - Recycling Trucks	1.96%	1,550,855	919,003
2015 Ballpark Improvements Installment Purchase	3.00%	13,500,000	12,357,999
2014 Installment Purchase Agreement - Police Cars	1.44%	491,241	83,349
		<u>\$ 17,434,428</u>	<u>\$ 13,757,531</u>
Business-type activities:			
2014 Lease Purchase Agreement - Recycling Carts	1.96%	<u>\$ 1,737,000</u>	<u>\$ 1,029,723</u>

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

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:			
HUD Section 108 Loan	1.52%	\$ 5,900,000	\$ 5,900,000
2014 SIB Loan	3.00%	1,828,428	1,828,428
		<u>\$ 7,728,428</u>	<u>\$ 7,728,428</u>

Changes in long-term debt. Long-term liability activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 21,900,000	\$ -	\$ 3,835,000	\$ 18,065,000	\$ 2,735,000
Installment purchase agreements	15,268,317	-	1,510,786	13,757,531	1,468,135
Loans payable	7,872,600	-	144,172	7,728,428	251,883
	<u>45,040,917</u>	<u>-</u>	<u>5,489,958</u>	<u>39,550,959</u>	<u>4,455,018</u>
Total installment debt					
Deferred amounts:					
For issuance discounts	(72,988)	-	(6,834)	(66,154)	-
For issuance premiums	141,318	-	60,124	81,194	-
Compensated absences	9,552,788	1,129,805	957,174	9,725,419	957,174
Accrued workers compensation	2,297,914	952,439	832,573	2,417,780	535,903
	<u>\$ 56,959,949</u>	<u>\$ 2,082,244</u>	<u>\$ 7,332,995</u>	<u>\$ 51,709,198</u>	<u>\$ 5,948,095</u>
Business-type activities					
General obligation bonds	\$ 154,534,187	\$ 1,767,693	\$ 12,285,073	\$ 144,016,807	\$ 12,245,000
Revenue bonds	18,725,000	-	1,550,000	17,175,000	1,550,000
Installment purchase agreements	1,246,673	-	216,950	1,029,723	221,223
	<u>174,505,860</u>	<u>1,767,693</u>	<u>14,052,023</u>	<u>162,221,530</u>	<u>14,016,223</u>
Total installment debt					
Deferred amounts:					
For issuance discounts	(636,356)	-	(73,009)	(563,347)	-
For issuance premiums	2,351,867	-	236,165	2,115,702	-
Compensated absences	759,258	78,398	42,826	794,830	42,826
	<u>\$ 176,980,629</u>	<u>\$ 1,846,091</u>	<u>\$ 14,258,005</u>	<u>\$ 164,568,715</u>	<u>\$ 14,059,049</u>

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

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

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

Year Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 4,455,018	\$ 1,311,523	\$ 5,766,541	\$ 14,016,223	\$ 18,432,636	\$ 32,448,859
2019	3,544,919	1,204,862	4,749,781	14,127,360	16,519,062	30,646,422
2020	3,245,527	1,097,291	4,342,818	14,134,973	14,547,454	28,682,427
2021	3,762,075	995,597	4,757,672	15,195,326	12,547,747	27,743,073
2022	3,452,029	881,508	4,333,537	14,659,019	10,477,005	25,136,024
2023-2027	12,351,190	2,964,949	15,316,139	55,983,736	36,185,575	92,169,311
2028-2032	8,195,201	708,769	8,903,970	24,912,001	15,450,579	40,362,580
2033-2037	545,000	9,810	554,810	7,122,892	7,508,386	14,631,278
2038-2042	-	-	-	2,070,000	2,293,014	4,363,014
	<u>\$ 39,550,959</u>	<u>\$ 9,174,309</u>	<u>\$ 48,725,268</u>	<u>\$ 162,221,530</u>	<u>\$ 133,961,458</u>	<u>\$ 296,182,988</u>

Long-term debt disclosures, as applicable, for the City's component units are available in the separately issued financial statements.

10. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	Nonmajor Governmental Funds	Totals
Nonspendable			
Inventories	\$ 20,513	\$ 805,025	\$ 825,538
Prepays	7,829	5,468	13,297
Corpus of permanent fund	-	1,808,391	1,808,391
	<u>28,342</u>	<u>2,618,884</u>	<u>2,647,226</u>
Restricted			
Major and local streets	-	2,895,524	2,895,524
Drug law and narcotics enforcement	-	1,459,792	1,459,792
Building permit activity	-	197,707	197,707
Capital improvements (unexpended bond proceeds)	-	175,989	175,989
	<u>-</u>	<u>4,730,012</u>	<u>4,730,012</u>

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

	General Fund	Nonmajor Governmental Funds	Totals
Committed			
Police and fire services	\$ 130,441	\$ -	\$ 130,441
By ordinance (budget carryforwards)	254,626	4,593,220	4,847,846
Community development	-	200,000	200,000
Shopping district events and maintenance	-	31,811	31,811
City parks	-	471,568	471,568
Capital improvements	-	5,130,362	5,130,362
	<u>385,067</u>	<u>10,426,961</u>	<u>10,812,028</u>
Unassigned (deficit)	<u>15,283,857</u>	<u>(411,098)</u>	<u>14,872,759</u>
Total fund balances - governmental funds	<u>\$ 15,697,266</u>	<u>\$ 17,364,759</u>	<u>\$ 33,062,025</u>

11. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2017, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 25,880,189	\$ 22,157,123	\$ -
Capital assets being depreciated, net	162,927,362	340,438,154	2,768
Total capital assets	<u>188,807,551</u>	<u>362,595,277</u>	<u>2,768</u>
Related debt:			
General obligation bonds	18,065,000	144,016,807	-
Revenue bonds	-	17,175,000	-
Installment purchase agreements	13,757,531	1,029,723	-
Loans payable	7,728,428	-	-
Unamortized bond discounts	(66,154)	(563,347)	-
Unamortized bond premiums	81,194	2,115,702	-
Deferred charge on bond refunding	(116,407)	(2,446,570)	-
Amounts under leases receivable	-	(22,893,782)	-
Unexpended bond proceeds	(175,989)	-	-
Total related debt	<u>39,273,603</u>	<u>138,433,533</u>	<u>-</u>
Net investment in capital assets	<u>\$ 149,533,948</u>	<u>\$ 224,161,744</u>	<u>\$ 2,768</u>

12. SEGMENT INFORMATION - ENTERPRISE FUNDS

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

13. RISK MANAGEMENT

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

	Fiscal Year Ended June 30,	
	2017	2016
Estimated liability, beginning of year	\$ 656,064	\$ 704,905
Estimated claims incurred, including changes in estimates	9,903,853	9,812,124
Claim payments	<u>(9,674,917)</u>	<u>(9,860,965)</u>
Estimated liability, end of year	<u>\$ 885,000</u>	<u>\$ 656,064</u>

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

	Fiscal Year Ended June 30,	
	2017	2016
Estimated liability, beginning of year	\$ 2,297,914	\$ 3,418,805
Estimated claims incurred, including changes in estimates	952,439	184,364
Claim payments	<u>(832,573)</u>	<u>(1,305,255)</u>
Estimated liability, end of year	<u>\$ 2,417,780</u>	<u>\$ 2,297,914</u>

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

14. PROPERTY TAXES

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

The City is permitted by charter and state law to levy taxes up to \$20.00 per \$1,000 of assessed valuation for general operations other than the payment of principal and interest on long-term debt. The tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2017 was \$19.44 per \$1,000 of taxable value.

15. CONTINGENT LIABILITIES

Federal Grant Programs. 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.

Risk Management. 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.

16. PENSION PLANS

Employees' Retirement System

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

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

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

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

Plan Membership. At December 31, 2016, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	903
Terminated employees entitled to but not yet receiving benefits	147
Vested and non-vested active participants	377
 Total membership	 1,427

Benefits Provided. Employees who retire with minimum age and years of service requirements are entitled to annual retirement benefits, payable in monthly installments for life, in an amount equal to a percentage of their final average compensation times years of credited service. Final average compensation is defined as the average of the highest annual compensation paid over 2 consecutive years of credited service within the last 10 years of credited service immediately preceding a member’s termination of employment. The benefit payments are calculated using the following rates for the various groups of general employees:

Bargaining Unit/Employee Group	Multiplier Percentage
United Auto Workers (UAW):	
Hired after October 18, 2013	1.70%
All others	2.75%
Teamsters Local 214:	
Hired after September 2012	1.25%
All others	1.80%

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Bargaining Unit/Employee Group	Multiplier Percentage
Teamsters Local 580:	
Hired after May 19, 2014	1.25%
All others	1.80%
Non-bargaining and all others	
Hired after April 1, 2014	1.25%
All others	1.60%
District court exempt	
Hired after June 1, 2014	1.25%
All others	1.60%

Contributions. The contribution requirements of Plan members are established and may be amended by the City Council in accordance with City policies, union contracts, and Plan provisions. Employees are required to make contributions to the Plan in rates from 3.00 to 6.50% depending on bargaining unit and hire date. The City is required to contribute at actuarially determined rates expressed as a percentage of covered payroll. The City's contribution rate for the plan for the year ended June 30, 2017 was 49.0% of projected valuation payroll.

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

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

Rate of Return. For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Concentrations. At June 30, 2017, the Plan held certain investments (other than those issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, or other pooled investments) in certain organizations that represent 5% or more of the Plan's fiduciary net position. Please see Footnote 4 for the details of these concentrations.

Reserves. In accordance with the Plan policy, the City establishes reserves for various purposes. The reserves are adjusted annually based on recommendations from the City's actuaries. The policy for creating and adjusting reserves was established and can be amended by the Plan Board of Trustees. A summary of the Plan reserves at June 30, 2017 is as follows:

Reserve/Group	Balance
Employee savings fund	\$ 13,317,143
Retirement reserve fund	134,192,860
Pension accumulation fund	6,307,806
Members benefit fund	16,147,631
Health insurance fund	28,762,532

Net Pension Liability. The components of the net pension liability for the employees' retirement system at June 30, 2017 were as follows:

Total pension liability	\$ 307,450,034
Plan fiduciary net position	<u>169,965,440</u>
Net pension liability	<u>\$ 137,484,594</u>
Plan fiduciary net position as percentage of total pension liability	55.28%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.925% (previous year: 3.10%)
Salary increases	2.925%, plus service based increases (previous year: 3.10%)
Investment rate of return	7.40%, net of investment expense and including inflation (previous year: 7.60%)

Mortality is based on the RP-2000 tables for males and females. For Disabled members, the disabled versions of these tables are used. Each of these tables is projected to 2026 using Scale BB and a 50% factor is applied for pre-retirement deaths.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience analysis conducted in December 2016. There was a change in the discount rate due to a higher bond rate.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Domestic equity	27.00%	5.74%	1.54%
International equity - developed	12.00%	5.71%	0.69%
International equity - emerging	4.00%	6.80%	0.27%
Fixed income	25.00%	3.01%	0.75%
Real estate	10.00%	4.81%	0.48%
Global opportunistic fixed income	6.00%	4.12%	0.25%
Global equity long/short	10.00%	4.51%	0.45%
Absolute return	6.00%	4.23%	0.26%
	<u>100.00%</u>		4.69%
Inflation			2.93%
Risk adjustments			<u>-0.22%</u>
Investment rate of return			<u>7.40%</u>

Discount Rate. The discount rate used to measure the total pension liability was 7.37% (up from 7.09% in 2016). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be exhausted in the year 2069. Therefore, the discount rate represents the single equivalent rate resulting from discounting at the long-term expected rate of return until 2069, and discounting with the 20-year AA municipal bond index rate of 3.56% thereafter. This projection is done on a closed group basis, per GASB requirements. On an ongoing, open-group basis, it is unlikely that the funds will be depleted because funding progress is frequently reviewed and adjustments are made to contribution levels.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Changes in the Net Pension Liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 324,725,530	\$ 164,049,912	\$ 160,675,618
Changes for the year:			
Service cost	2,711,461	-	2,711,461
Interest	22,403,009	-	22,403,009
Differences between expected and actual experience	(23,183,264)	-	(23,183,264)
Changes in assumptions	3,706,512	-	3,706,512
Employer contributions	-	10,246,872	(10,246,872)
Employee contributions	-	1,216,519	(1,216,519)
Net investment income	-	17,412,568	(17,412,568)
Benefit payments, including refunds of employee contributions	(22,913,214)	(22,913,214)	-
Administrative expense	-	(47,217)	47,217
Net changes	<u>(17,275,496)</u>	<u>5,915,528</u>	<u>(23,191,024)</u>
Balances at June 30, 2017	<u>\$ 307,450,034</u>	<u>\$ 169,965,440</u>	<u>\$ 137,484,594</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.37%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.37%) or 1-percentage-point higher (8.37%) than the current rate:

	One Percent Decrease (6.37%)	Current Discount Rate (7.37%)	One Percent Increase (8.37%)
Net pension liability	\$ 164,318,715	\$ 137,484,594	\$ 114,456,802

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2017, the City recognized pension expense of \$5,092,471. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 13,237,573	\$ (13,237,573)
Changes in assumptions	4,378,515	-	4,378,515
Net difference between projected and actual earnings on pension plan investments	8,866,675	-	8,866,675
Total	\$ 13,245,190	\$ 13,237,573	\$ 7,617

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

Year Ended June 30,	Amount
2018	\$ (4,906,073)
2019	3,952,986
2020	2,082,049
2021	(1,121,345)
Total	\$ 7,617

Payable to the Pension Plan. At June 30, 2017, the City did not have any outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Police and Fire Retirement System

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

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

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

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

Plan Membership. At December 31, 2016, plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	736
Terminated employees entitled to but not yet receiving benefits	39
Vested and non-vested active participants	<u>361</u>
Total membership	<u><u>1,136</u></u>

Benefits Provided. Annual retirement allowances are determined by multiplying final average compensation by 3.2% for the first 25 years of credited service. The maximum allowance is 80% of final average compensation. Final average compensation is the member's highest wages for 2 consecutive years.

Contributions. The contribution requirements of Plan members are established and may be amended by the City Council in accordance with City policies, union contracts, and Plan provisions. Fire members are required to contribute 10.0% of their annual wages to the plan. Police supervisors are required to contribute 9.52% and police non-supervisors, 9.0%. Chapter 294 of the City of Lansing's Ordinance establishes benefit provisions and requires that the portion of the annuity and pension reserves (which are determined annually by the City's actuary) not financed by member contributions shall be financed by annual appropriations. The City's contribution rate for the plan for the year ended June 30, 2017 was 41.8% of projected valuation payroll.

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Rate of Return. For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations. At June 30, 2017, the Plan held certain investments (other than those issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, or other pooled investments) in certain organizations that represent 5% or more of the Plan's fiduciary net position. Please see Footnote 4 for the details of these concentrations.

Reserves. In accordance with the Plan policy, the City establishes reserves for various purposes. The reserves are adjusted annually based on recommendations from the City's actuaries. The policy for creating and adjusting reserves was established and can be amended by the Plan Board of Trustees. A summary of the Plan reserves at June 30, 2017 is as follows:

Reserve/Group	Balance
Retirement reserve fund	\$ 288,441,203
Health insurance fund	34,133,238

Net Pension Liability. The components of the net pension liability for the police and fire retirement system at June 30, 2017, were as follows:

Total pension liability	\$ 429,670,098
Plan fiduciary net position	<u>288,441,203</u>
Net pension liability	<u>\$ 141,228,895</u>
Plan fiduciary net position as percentage of total pension liability	67.1%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.85% (previous year: 3.10%)
Salary increases	2.85%, plus service based increases (previous year: 3.10%)
Investment rate of return	7.35%, net of investment expense and including inflation (previous year: 7.60%)

Mortality is based on the RP-2000 tables (with Blue Collar adjustments for Police and Fire) for males and females. For Disabled members, the disabled versions of these tables are used. Each of these tables is projected to 2026 using Scale BB and a 50% factor is applied for pre-retirement deaths.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience analysis conducted in December 2016. There was a change in the discount rate due to a higher bond rate.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, and the final investment return assumption, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Domestic equity	32.00%	5.74%	1.83%
International equity - developed	12.00%	5.71%	0.69%
International equity - emerging	4.00%	6.80%	0.27%
Fixed income	22.00%	3.01%	0.66%
Real estate	10.00%	4.81%	0.48%
Global opportunistic fixed income	5.00%	4.12%	0.21%
Global equity long/short	10.00%	4.51%	0.45%
Absolute return	5.00%	4.23%	0.22%
	<u>100.00%</u>		4.81%
Inflation			2.85%
Risk adjustments			<u>-0.31%</u>
Investment rate of return			<u>7.35%</u>

Discount Rate. The discount rate used to measure the total pension liability was 7.29% (down from 7.49% in 2016). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be exhausted in the year 2072. Therefore, the discount rate represents the single equivalent rate resulting from discounting at the long-term expected rate of return until 2072, and discounting with the 20-year AA municipal bond index rate of 3.56% thereafter. This projection is done on a closed group basis, per GASB requirements. On an ongoing, open-group basis, it is unlikely that the funds will be depleted because funding progress is frequently reviewed and adjustments are made to contribution levels.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Changes in the Net Pension Liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2016	\$ 418,348,450	\$ 273,115,398	\$ 145,233,052
Changes for the year:			
Service cost	6,133,683	-	6,133,683
Interest	30,519,676	-	30,519,676
Differences between expected and actual experience	(19,308,117)	-	(19,308,117)
Changes in assumptions	25,078,592	-	25,078,592
Employer contributions	-	11,521,768	(11,521,768)
Employee contributions	-	2,840,914	(2,840,914)
Net investment income	-	32,116,305	(32,116,305)
Benefit payments, including refunds of employee contributions	(31,102,186)	(31,102,186)	-
Administrative expense	-	(50,996)	50,996
Net changes	11,321,648	15,325,805	(4,004,157)
Balances at June 30, 2017	\$ 429,670,098	\$ 288,441,203	\$ 141,228,895

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.29%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.29%) or 1-percentage-point higher (8.29%) than the current rate:

	One Percent Decrease (6.29%)	Current Discount Rate (7.29%)	One Percent Increase (8.29%)
Net pension liability	\$ 185,690,311	\$ 141,228,895	\$ 103,535,375

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2017, the City recognized pension expense of \$25,093,828. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 4,732,082	\$ 14,481,088	\$ (9,749,006)
Changes in assumptions	20,449,615	-	20,449,615
Net difference between projected and actual earnings on pension plan investments	12,125,583	-	12,125,583
Total	\$ 37,307,280	\$ 14,481,088	\$ 22,826,192

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

Year Ended June 30,	Amount
2018	\$ 10,798,456
2019	10,008,458
2020	4,528,926
2021	(2,509,648)
Total	\$ 22,826,192

Payable to the Pension Plan. At June 30, 2017, the City did not have any outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Financial statements for individual pension and employee benefit plans:

	Pension and Other Postemployment Benefits Net Position						Totals
	Employees' Retirement System Pension	Employees' Retirement System OPEB	Police and Fire Retirement System	Police and Fire Retirement System OPEB	Employees' Money Purchase Pension Plan	Retiree Health Care VEBA	
Assets							
Cash and cash equivalents	\$ 8,036,907	\$ -	\$ 9,302,156	\$ -	\$ -	\$ -	\$ 17,339,063
Equity in pooled cash and investments	725,786	-	1,661,698	-	-	-	2,387,484
Investments:							
Money market funds	5,234,992	906,236	3,127,525	378,495	-	717,966	10,365,214
Government obligations	18,707,176	3,238,423	24,120,680	2,919,100	12,829	-	48,998,208
Corporate bonds	19,953,585	3,454,191	26,113,614	3,160,286	-	-	52,681,676
Common stocks	38,080,363	6,592,141	75,505,494	9,137,724	-	-	129,315,722
Emerging markets	-	-	-	-	-	730,520	730,520
Mutual funds	84,174,407	14,571,541	153,177,443	18,537,633	2,317,610	24,469,619	297,248,253
Contribution receivable	1,854	-	3,668	-	4,628	-	10,150
Dividends and interest receivable	173,932	-	219,004	-	-	89	393,025
Total assets	175,089,002	28,762,532	293,231,282	34,133,238	2,335,067	25,918,194	559,469,315
Liabilities							
Accounts payable	5,123,562	-	4,790,079	-	-	-	9,913,641
Net position restricted for							
Pension benefits	169,965,440	-	288,441,203	-	2,335,067	-	460,741,710
Other postemployment benefits	-	28,762,532	-	34,133,238	-	25,918,194	88,813,964
Total net position	\$ 169,965,440	\$ 28,762,532	\$ 288,441,203	\$ 34,133,238	\$ 2,335,067	\$ 25,918,194	\$ 549,555,674

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

	Changes in Pension and Other Postemployment Benefits Net Position						Totals
	Employees' Retirement System Pension	Employees' Retirement System OPEB	Police and Fire Retirement System	Police and Fire Retirement System OPEB	Employees' Money Purchase Pension Plan	Retiree Health Care VEBA	
Additions							
Investment income:							
Net appreciation (depreciation) in fair value of investments	\$ 16,701,649	\$ 2,718,883	\$ 31,060,205	\$ 3,487,200	\$ -	\$ (80,511)	\$ 53,887,426
Interest income	849,661	-	1,054,136	-	236,081	53	2,139,931
Dividend income	531,938	-	1,110,626	-	-	2,571,244	4,213,808
Investment expenses	(670,680)	-	(1,108,662)	-	(5,486)	-	(1,784,828)
Net investment income	<u>17,412,568</u>	<u>2,718,883</u>	<u>32,116,305</u>	<u>3,487,200</u>	<u>230,595</u>	<u>2,490,786</u>	<u>58,456,337</u>
Contributions:							
Employer	10,246,872	10,705,756	11,521,768	12,290,749	88,562	600,000	45,453,707
Plan members	1,216,519	-	2,840,914	-	72,698	-	4,130,131
Total contributions	<u>11,463,391</u>	<u>10,705,756</u>	<u>14,362,682</u>	<u>12,290,749</u>	<u>161,260</u>	<u>600,000</u>	<u>49,583,838</u>
Total additions	<u>28,875,959</u>	<u>13,424,639</u>	<u>46,478,987</u>	<u>15,777,949</u>	<u>391,855</u>	<u>3,090,786</u>	<u>108,040,175</u>
Deductions							
Participant benefits	22,913,214	10,116,593	31,102,186	11,065,440	86,257	-	75,283,690
Administrative expense	47,217	389,163	50,996	525,309	-	-	1,012,685
Total deductions	<u>22,960,431</u>	<u>10,505,756</u>	<u>31,153,182</u>	<u>11,590,749</u>	<u>86,257</u>	<u>-</u>	<u>76,296,375</u>
Change in net position	<u>5,915,528</u>	<u>2,918,883</u>	<u>15,325,805</u>	<u>4,187,200</u>	<u>305,598</u>	<u>3,090,786</u>	<u>31,743,800</u>
Net position restricted for pension and other postemployment benefits:							
Beginning of year	<u>164,049,912</u>	<u>25,843,649</u>	<u>273,115,398</u>	<u>29,946,038</u>	<u>2,029,469</u>	<u>22,827,408</u>	<u>517,811,874</u>
End of year	<u>\$ 169,965,440</u>	<u>\$ 28,762,532</u>	<u>\$ 288,441,203</u>	<u>\$ 34,133,238</u>	<u>\$ 2,335,067</u>	<u>\$ 25,918,194</u>	<u>\$ 549,555,674</u>

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

17. OTHER POSTEMPLOYMENT BENEFITS

Primary Government

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

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

Voluntary Employees Beneficiary Association (VEBA)

The City of Lansing Voluntary Employees Beneficiary Association (the "Plan") is a single-employer defined benefit postemployment healthcare plan established by the City to provide medical and healthcare benefits for retirees and their beneficiaries. Eligible participants include any retirees who receive pension benefits under one of the City's pension plans. The Plan is funded by a trust agreement established pursuant to Section 501(c)(9) of the Internal Revenue Code that allows for the formation of a VEBA. During the year, the City contributed \$600,000 to the Plan.

Employees' Retirement System

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

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Membership of the Plan consisted of the following at January 1, 2016, the date of the most recent actuarial valuation:

Retirees and beneficiaries receiving benefits	865
Terminated plan members entitled to but not yet receiving benefits	52
Active plan members	<u>374</u>
 Total	 <u><u>1,291</u></u>

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

Contributions. The contribution requirements of the Plan members and the City are established and may be amended by the City Council, in accordance with City policies, union contracts, and Plan provisions. Retirees and their beneficiaries are eligible for postemployment healthcare benefits if they qualify under the various contracts. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the bi-annual actuarial valuation. For the year ended June 30, 2017, the City contributed \$11,305,756 (direct benefit payments of \$10,505,756 and City contributions of \$800,000) to the Plan.

Rate of Return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 9.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City. The components of the net OPEB liability of the City at June 30, 2017, were as follows:

Total OPEB liability	\$ 231,583,031
Plan fiduciary net position	<u>54,680,726</u>
 City's net OPEB liability	 <u><u>\$ 176,902,305</u></u>
 Plan fiduciary net position as percentage of total OPEB liability	 23.61%

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of January 1, 2016, rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.85%
Investment rate of return	7.40%, net of OPEB plan investment expense, including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition
Healthcare cost trend rate	

Year Beginning July 1,	Pre-Medicare	Medicare	Connecticut Partnership
2017	6.50%	4.50%	4.00%
2018	6.00%	4.50%	5.50%
2019	5.50%	4.50%	5.00%
2020	5.00%	4.25%	4.75%
2021	4.50%	4.00%	4.50%
2022+	4.50%	4.00%	4.50%

Mortality rates are assumed to be in accordance with the Retired Pensioners (RP) 2000 Combined Healthy tables, with Blue Collar adjustments projected Scale BB, to account for anticipated future improvements in life expectancy. Adjustments to these rates are as follows:

- Pre-retirement: 50% of base rates.
- Post-disablement: RP2000 disabled tables with Scale BB

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study conducted in 2016.

Investment Policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy as of June 30, 2017 is summarized in the table on the following page.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Domestic equity	27.00%	5.74%	1.55%
International equity - developed	12.00%	5.71%	0.69%
International equity - emerging	4.00%	6.80%	0.27%
Fixed income - U.S.	25.00%	3.01%	0.75%
Real assets	10.00%	4.81%	0.48%
Global opportunistic fixed income	6.00%	4.12%	0.25%
Global equity long/short	10.00%	4.51%	0.45%
Absolute return	<u>6.00%</u>	4.23%	<u>0.25%</u>
	<u>100.00%</u>		4.69%
Inflation			2.93%
Risk adjustment			<u>-0.22%</u>
Investment rate of return			<u>7.40%</u>

Discount Rate. The discount rate used to measure the total OPEB liability was 5.80%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be exhausted in the year 2033. Therefore, the discount rate represents the single equivalent rate resulting from discounting at the long-term expected rate of return until 2033, and discounting with the 20-year AA municipal bond index rate of 3.56% thereafter. This projection is done on a closed group basis, per GASB requirements. On an ongoing, open-group basis, it is unlikely that the funds will be depleted because funding progress is frequently reviewed and adjustments are made to contribution levels.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Changes in the Net OPEB Liability. The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016	\$ 227,172,513	\$ 48,671,057	\$ 178,501,456
Changes for the year:			
Service cost	1,550,428	-	1,550,428
Interest on total OPEB liability	12,976,683	-	12,976,683
Employer contributions	-	11,305,756	(11,305,756)
Net investment income	-	5,209,669	(5,209,669)
Benefit payments	(10,116,593)	(10,116,593)	-
Administrative expense	-	(389,163)	389,163
Net changes	4,410,518	6,009,669	(1,599,151)
Balances at June 30, 2017	\$ 231,583,031	\$ 54,680,726	\$ 176,902,305

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 5.80%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.80%) or 1% higher (6.80%) than the current rate:

	1% Decrease (4.80%)	Current Discount Rate (5.80%)	1% Increase (6.80%)
City's net OPEB liability	\$ 209,785,033	\$ 176,902,305	\$ 150,218,082

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.50%) or 1% higher (5.50%) than the current healthcare cost trend rates:

	1% Decrease (3.50%)	Healthcare Ultimate Cost Trend Rates (4.50%)	1% Increase (5.50%)
City's net OPEB liability	\$ 149,169,460	\$ 176,902,305	\$ 214,799,324

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Pension Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds preceding this footnote.

Payable to the OPEB Plan. At June 30, 2017, the City reported had no amount payable to the OPEB plan.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 12,223,228
Interest on net OPEB obligation	990,722
Adjustment to annual required contribution	<u>(877,065)</u>
Net OPEB cost	12,336,885
Contributions made	<u>(11,305,756)</u>
Change in net OPEB obligation	1,031,129
Net OPEB obligation, beginning of year	<u>13,665,127</u>
Net OPEB obligation, end of year	<u>\$ 14,696,256</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current year and the two preceding years were as follows:

Three-Year Trend Information			
Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 13,270,701	69.4%	\$ 11,032,264
2016	11,447,334	77.0%	13,665,127
2017	12,336,885	91.6%	14,696,256

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Police and Fire Retirement System

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

Membership of the Plan consisted of the following at January 1, 2016, the date of the most recent actuarial valuation:

Retirees and beneficiaries receiving benefits	663
Terminated plan members entitled to but not yet receiving benefits	23
Active plan members	<u>346</u>
Total	<u><u>1,032</u></u>

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

Contributions. The contribution requirements of the Plan members and the City are established and may be amended by the City Council, in accordance with City policies, union contracts, and Plan provisions. Retirees and their beneficiaries are eligible for postemployment healthcare benefits if they qualify under the various contracts. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined through the bi-annual actuarial valuation. For the year ended June 30, 2017, the City contributed \$12,290,749 (direct benefit payments of \$11,590,749 and City contributions of \$700,000) to the Plan.

Rate of Return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 9.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the City. The components of the net OPEB liability of the City at June 30, 2017, were as follows:

Total OPEB liability	\$ 294,892,197
Plan fiduciary net position	<u>34,133,238</u>
City's net OPEB liability	<u><u>\$ 260,758,959</u></u>
Plan fiduciary net position as percentage of total OPEB liability	11.57%

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of January 1, 2016, rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.85%
Investment rate of return	7.35%, net of OPEB plan investment expense, including inflation
Retirement age	Age-based table of rates that are specific to the type of eligibility condition
Healthcare cost trend rate	

Year Beginning July 1,	Pre-Medicare	Medicare	Connecticut Partnership
2017	6.50%	4.50%	4.00%
2018	6.00%	4.50%	5.50%
2019	5.50%	4.50%	5.00%
2020	5.00%	4.25%	4.75%
2021	4.50%	4.00%	4.50%
2022+	4.50%	4.00%	4.50%

Mortality rates are assumed to be in accordance with the Retired Pensioners (RP) 2000 Combined Healthy tables, with Blue Collar adjustments projected Scale BB, to account for anticipated future improvements in life expectancy. Adjustments to these rates are as follows:

Pre-retirement: 50% of base rates.
 Post-disablement: RP2000 disabled tables with Scale BB

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study conducted in 2016.

Investment Policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. The investment policy has been formulated based on consideration of a wide range of policies and describes the prudent investment process that the Board deems appropriate. The Plan's asset allocation policy as of June 30, 2017 is summarized in the table below.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. This is then modified through a Monte-Carlo simulation process, by which a (downward) risk adjustment is applied to the baseline expected return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Money-Weighted Rate of Return
Domestic equity	32.00%	5.74%	1.84%
International equity - developed	12.00%	5.71%	0.69%
International equity - emerging	4.00%	6.80%	0.27%
Fixed income - U.S.	22.00%	3.01%	0.66%
Real assets	10.00%	4.81%	0.48%
Global opportunistic fixed income	5.00%	4.12%	0.21%
Global equity long/short	10.00%	4.51%	0.45%
Absolute return	5.00%	4.23%	0.21%
	<u>100.00%</u>		4.81%
Inflation			2.85%
Risk adjustment			<u>-0.31%</u>
Investment rate of return			<u>7.35%</u>

Discount Rate. The discount rate used to measure the total OPEB liability was 5.47%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be exhausted in the year 2037. Therefore, the discount rate represents the single equivalent rate resulting from discounting at the long-term expected rate of return until 2037, and discounting with the 20-year AA municipal bond index rate of 3.56% thereafter. This projection is done on a closed group basis, per GASB requirements. On an ongoing, open-group basis, it is unlikely that the funds will be depleted because funding progress is frequently reviewed and adjustments are made to contribution levels.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Changes in the Net OPEB Liability. The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016	\$ 286,623,495	\$ 29,946,038	\$ 256,677,457
Changes for the year:			
Service cost	3,749,359	-	3,749,359
Interest on total OPEB liability	15,584,783	-	15,584,783
Employer contributions	-	12,290,749	(12,290,749)
Net investment income	-	3,487,200	(3,487,200)
Benefit payments	(11,065,440)	(11,065,440)	-
Administrative expense	-	(525,309)	525,309
Net changes	8,268,702	4,187,200	4,081,502
Balances at June 30, 2017	\$ 294,892,197	\$ 34,133,238	\$ 260,758,959

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 5.47%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.47%) or 1% higher (6.47%) than the current rate:

	1% Decrease (4.47%)	Current Discount Rate (5.47%)	1% Increase (6.47%)
City's net OPEB liability	\$ 306,319,897	\$ 260,758,959	\$ 224,421,858

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.50%) or 1% higher (5.50%) than the current healthcare cost trend rates:

	1% Decrease (3.50%)	Healthcare Ultimate Cost Trend Rates (4.50%)	1% Increase (5.50%)
City's net OPEB liability	\$ 223,117,088	\$ 260,758,959	\$ 313,764,856

Pension Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in the combining statements for the pension and other postemployment benefit trust funds preceding this footnote.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

Payable to the OPEB Plan. At June 30, 2017, the City reported had no amount payable to the OPEB plan.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 15,641,670
Interest on net OPEB obligation	3,505,357
Adjustment to annual required contribution	<u>(3,220,361)</u>
Net OPEB cost (expense)	15,926,666
Contributions made	<u>(12,290,749)</u>
Increase in net OPEB obligation	3,635,917
Net OPEB obligation, beginning of year	<u>48,349,757</u>
Net OPEB obligation, end of year	<u><u>\$ 51,985,674</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current year and the two preceding years were as follows:

Three-Year Trend Information			
Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 17,923,366	64.5%	\$ 45,951,872
2016	15,276,901	84.3%	48,349,757
2017	15,926,666	77.2%	51,985,674

18. OPERATING LEASES

During fiscal year 2014, the City entered into an operating lease with the Lansing School District (the "District"), for approximately 86,900 square feet of the Hill Center for Academics and Technology for the purpose of operating a police precinct. The term of the lease runs through June 30, 2018. The City is required to make approximately \$800,000 worth of improvements to the leased space, the cost of which will be capitalized by the District. In addition, beginning July 1, 2016, rent payments are made to the District by the City in monthly installments of \$2,083 (\$25,000 annually) and \$10,417 (\$125,000 annually) for the year ended June 30, 2018, respectively.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

The Tax Increment Finance Authority (TIFA) component unit has entered into an operating lease with the City of Lansing and County of Ingham Joint Building Authority (the "Joint Authority") related to the City's use of a building constructed by the Joint Authority. The payments related to this lease are paid by the TIFA, pursuant to a payment agreement between the City and the TIFA. The total of such payments amounted to \$572,644 for the year ended June 30, 2017. Future minimum lease payments for this lease are as follows:

Year Ending June 30,	Amount
2018	\$ 570,913
2019	573,367
2020	571,900

19. TAX ABATEMENTS

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

- Industrial property tax abatements are granted in the State of Michigan under Public Act 198 to promote economic development, creation of jobs, and new or improved facilities. The Industrial Facilities Tax (IFT) Exemption must be approved by both the City (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for up to 12 years. A certificate may be revoked and taxes recaptured for noncompliance with the terms of the agreement. Property taxes abated by the City under this program for fiscal year 2017 amounted to \$624,938.
- The State of Michigan allows for Commercial Rehabilitation Exemption under Public Act 210 if making substantial improvements to a business or multi-family residential facility. The City had no Commercial Rehabilitation Exemptions for fiscal year 2017.
- To incentivize new or expanded businesses, Public Act 328 allows for Personal Property Tax Exemptions for qualified businesses located within eligible distressed communities. The exemption must be approved by the City Commission and the State Treasurer. Once approved, the taxpayer is exempt from personal property tax on new investments after the date of the exemption. The City can recapture the taxes if the business defaults on the terms of the written agreement. Property taxes abated by the City under this program for fiscal year 2017 amounted to \$3,732,841.

CITY OF LANSING, MICHIGAN

Notes to Financial Statements

- The Brownfield Redevelopment Authority encourages environmental cleanup and economic development through its Brownfield Redevelopment Plan under Public Act 318. A developer performs redevelopment and cleanup activities at a site that is obsolete or blighted. The increased tax revenues resulting from the increase in taxable value are captured by the City and used to repay the developer for qualifying expenses. There is no provision for recovery of abated taxes because the developer is only paid for eligible expenses on a reimbursement-basis. Property taxes abated by the Authority under this program for fiscal year 2017, through direct reimbursement to developers from current tax captures, amounted to \$202,101. In addition, there are reserve liabilities reported in the financial statements that represent tax captures set aside for future developer reimbursements. Property taxes abated by the Authority under this program for fiscal year 2017 amounted to \$133,024.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LANSING, MICHIGAN

Required Supplementary Information
Employees' Retirement System

Schedules of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ending June 30,			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 2,711,461	\$ 2,977,084	\$ 2,857,948	\$ 2,982,624
Interest on total pension liability	22,403,009	22,268,516	22,671,909	22,722,630
Difference between expected and actual experience	(23,183,264)	(4,937,823)	(6,422,330)	-
Assumption changes	3,706,512	7,575,775	-	-
Benefit payments, including refunds	(22,913,214)	(22,860,449)	(22,462,587)	(22,790,522)
Net change in total pension liability	(17,275,496)	5,023,103	(3,355,060)	2,914,732
Total pension liability, beginning of year	324,725,530	319,702,427	323,057,487	320,142,755
Total pension liability, end of year	307,450,034	324,725,530	319,702,427	323,057,487
Plan fiduciary net position				
Employer contributions	10,246,872	10,181,620	10,547,556	9,361,009
Employee contributions	1,216,519	1,088,943	1,128,120	1,290,678
Pension plan net investment income (loss)	17,412,568	(2,790,190)	4,399,543	17,887,635
Benefit payments (including refunds)	(22,913,214)	(22,860,449)	(22,462,587)	(22,957,379)
Pension plan administrative expense	(47,217)	(126,486)	(174,818)	(741,037)
Net change in plan fiduciary net position	5,915,528	(14,506,562)	(6,562,186)	4,840,906
Plan fiduciary net position, beginning of year	164,049,912	178,556,474	185,118,660	180,277,754
Plan fiduciary net position, end of year	169,965,440	164,049,912	178,556,474	185,118,660
Net pension liability	<u>\$137,484,594</u>	<u>\$ 160,675,618</u>	<u>\$ 141,145,953</u>	<u>\$ 137,938,827</u>
Plan fiduciary net position as a percentage of total pension liability	55.3%	50.5%	55.9%	57.3%
Covered payroll	\$ 20,901,389	\$ 23,085,894	\$ 19,769,460	\$ 20,874,143
Net pension liability as a percentage of covered payroll	657.8%	696.0%	714.0%	660.8%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information
Employees' Retirement System

Schedule of the Net Pension Liability

Fiscal Year Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2014	\$ 323,057,487	\$ 185,118,660	\$ 137,938,827	57.3%	\$ 20,874,143	660.8%
2015	319,702,427	178,556,474	141,145,953	55.9%	19,769,460	714.0%
2016	324,725,530	164,049,912	160,675,618	50.5%	23,085,894	696.0%
2017	307,450,034	169,965,440	137,484,594	55.3%	20,901,389	657.8%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information
Employees' Retirement System

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)*	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2008	\$ 6,022,000	\$ 6,022,000	\$ -	\$ 29,688,000	20.3%
2009	6,048,000	6,477,000	(429,000)	30,602,000	21.2%
2010	6,472,349	6,043,861	428,488	27,766,628	21.8%
2011	7,297,083	7,297,083	-	26,068,735	28.0%
2012	7,596,879	7,523,534	73,345	22,838,598	32.9%
2013	8,586,536	8,586,536	-	20,874,143	41.1%
2014	9,361,009	9,361,009	-	21,521,242	43.5%
2015	10,547,556	10,547,556	-	19,769,460	53.4%
2016	10,181,620	10,181,620	-	23,085,894	44.1%
2017	10,246,872	10,246,872	-	20,901,389	49.0%

* The City contributed in excess of its FY 2009 Actuarially Determined Contribution (ADC). The City's FY 2010 contribution was reduced by the dollar amount of the FY 2009 overpayment. The FY 2012 City contribution was reduced by \$73,345 in recognition of additional contributions by United Auto Workers (UAW) employees, which were negotiated and contributed after the establishment of the June 30, 2012 ADC from the December 31, 2010 valuation.

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

Notes to Schedule of Contributions

Valuation Date December 31, 2016 (rolled forward to June 30, 2017)
Notes Actuarially determined contribution rates are calculated as of the June 30 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	25 years
Asset valuation method	Closed; 5-year smooth market
Inflation	2.925% (previous year: 3.10%)
Salary increases	2.925% plus service based increases (previous year: 3.10%)
Investment rate of return	7.40%, net of investment expense and including inflation (previous year: 7.60%)
Retirement age	Age-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2016 valuation. This was based on an actuarial experience analysis conducted in 2016.
Mortality	Mortality is based on the RP-2000 tables for males and females. For Disabled members, the disabled versions of these tables are used. Each of these tables is projected to 2026 using Scale BB and a 50% factor is applied for pre-retirement deaths.

CITY OF LANSING, MICHIGAN

Required Supplementary Information
Employees' Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2014	13.67%
2015	2.43%
2016	-1.60%
2017	10.91%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information
Police and Fire Retirement System

Schedules of Changes in Net Pension Liability and Related Ratios

	Fiscal Year Ending June 30,			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 6,133,683	\$ 6,371,845	\$ 6,350,378	\$ 6,614,784
Interest on total pension liability	30,519,676	30,197,513	29,159,382	27,896,927
Difference between expected and actual experience	(19,308,117)	7,884,167	3,159,996	-
Assumption changes	25,078,592	3,281,341	-	-
Benefit payments, including refunds	(31,102,186)	(29,503,964)	(27,969,021)	(26,270,724)
Net change in total pension liability	11,321,648	18,230,902	10,700,735	8,240,987
Total pension liability, beginning of year	418,348,450	400,117,548	389,416,813	381,175,826
Total pension liability, end of year	429,670,098	418,348,450	400,117,548	389,416,813
Plan fiduciary net position				
Employer contributions	11,521,768	10,884,312	11,050,091	11,248,857
Employee contributions	2,840,914	2,608,214	2,950,832	2,911,896
Pension plan net investment income (loss)	32,116,305	(6,040,910)	8,965,080	34,016,621
Benefit payments (including refunds)	(31,102,186)	(29,503,964)	(27,969,021)	(26,852,038)
Pension plan administrative expense	(50,996)	(128,903)	(173,849)	(1,141,506)
Net change in plan fiduciary net position	15,325,805	(22,181,251)	(5,176,867)	20,183,830
Plan fiduciary net position, beginning of year	273,115,398	295,296,649	300,473,516	280,289,686
Plan fiduciary net position, end of year	288,441,203	273,115,398	295,296,649	300,473,516
Net pension liability	\$ 141,228,895	\$ 145,233,052	\$ 104,820,899	\$ 88,943,297
Plan fiduciary net position as a percentage of total pension liability	67.1%	65.3%	73.8%	77.2%
Covered payroll	\$ 27,585,521	\$ 27,078,405	\$ 24,407,740	\$ 25,611,974
Net pension liability as a percentage of covered payroll	512.0%	536.3%	429.5%	347.3%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information
Police and Fire Retirement System

Schedule of the Net Pension Liability

Fiscal Year Ending June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered Payroll	Net Pension Liability as Percentage of Covered Payroll
2014	\$ 389,416,813	\$ 300,473,516	\$ 88,943,297	77.2%	\$ 25,611,974	347.3%
2015	400,117,548	295,296,649	104,820,899	73.8%	24,407,740	429.5%
2016	418,348,450	273,115,398	145,233,052	65.3%	27,078,405	536.3%
2017	429,670,098	288,441,203	141,228,895	67.1%	27,585,521	512.0%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information
Police and Fire Retirement System

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution*	Actual Contribution	Contribution Deficiency (Excess)*	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2008	\$ 6,520,974	\$ 6,520,974	\$ -	\$ 30,161,000	21.6%
2009	6,094,397	6,483,000	388,603	30,443,000	21.3%
2010	7,179,360	6,790,757	(388,603)	28,536,056	23.8%
2011	8,240,688	8,240,688	-	25,128,835	32.8%
2012	9,242,173	9,057,080	(185,093)	26,121,411	34.7%
2013	10,133,599	10,133,599	-	25,636,626	39.5%
2014	11,248,857	11,248,857	-	26,405,725	42.6%
2015	11,050,091	11,050,091	-	24,407,740	45.3%
2016	10,884,312	10,884,312	-	27,078,405	40.2%
2017	11,521,768	11,521,768	-	27,585,521	41.8%

* The City contributed in excess of its FY 2009 Actuarially Determined Contribution (ADC). The City's FY 2010 contribution was reduced by the dollar amount of the FY 2009 overpayment. The FY 2012 City contribution was reduced by \$185,093 in recognition of additional contributions by International Association of Firefighters (IAFF) employees, which were negotiated and contributed after the establishment of the June 30, 2012 ADC from the December 31, 2010 valuation.

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

Notes to Schedule of Contributions

Valuation Date December 31, 2016 (rolled forward to June 30, 2017)
Notes Actuarially determined contribution rates are calculated as of the June 30 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal
Amortization method Level percent of payroll, closed
Remaining amortization period 25 years
Asset valuation method Closed; 5-year smooth market
Inflation 2.85% (previous year: 3.10%)
Salary increases 2.85% plus service based increases (previous year: 3.10%)
Investment rate of return 7.35%, net of investment expense and including inflation (previous year: 7.60%)
Retirement age Age-based table of rates that are specific to the type of eligibility condition. Last updated for the December 31, 2016 valuation. This was based on an actuarial experience analysis conducted in 2016.
Mortality Mortality is based on the RP-2000 tables (with Blue Collar adjustments for Police and Fire) for males and females. For Disabled members, the disabled versions of these tables are used. Each of these tables is projected to 2026 using Scale BB and a 50% factor is applied for pre-retirement deaths.

CITY OF LANSING, MICHIGAN

Required Supplementary Information Police and Fire Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2014	17.28%
2015	3.04%
2016	-2.09%
2017	12.06%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
 Employees' Retirement System

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ended June 30, 2017
Total OPEB liability	
Service cost	\$ 1,550,428
Interest on total OPEB liability	12,976,683
Benefit payments	(10,116,593)
Net change in total OPEB liability	<u>4,410,518</u>
Total OPEB liability, beginning of year	<u>227,172,513</u>
Total OPEB liability, end of year	<u>231,583,031</u>
Plan fiduciary net position	
Employer contributions	11,305,756
OPEB plan net investment income	5,209,669
Benefit payments	(10,116,593)
Administrative expense	(389,163)
Net change in plan fiduciary net position	<u>6,009,669</u>
Plan fiduciary net position, beginning of year	<u>48,671,057</u>
Plan fiduciary net position, end of year	<u>54,680,726</u>
Net OPEB liability	<u>\$ 176,902,305</u>
Plan fiduciary net position as a percentage of total OPEB liability	23.61%
Covered payroll	\$ 20,901,389
Net OPEB liability as a percentage of covered payroll	846.37%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information
 Other Postemployment Benefits Plan
 Employees' Retirement System

Schedule of the Net OPEB Liability

Fiscal Year Ending June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 231,583,031	\$ 54,680,726	\$ 176,902,305	23.61%	\$ 20,901,389	846.37%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
Employees' Retirement System

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2008	\$ 9,026,892	\$ 10,279,044	\$ (1,252,152)	\$ 29,688,000	34.62%
2009	9,021,963	10,855,711	(1,833,748)	30,602,000	35.47%
2010	10,608,281	9,782,538	825,743	27,766,628	35.23%
2011	8,819,018	9,773,601	(954,583)	26,068,735	37.49%
2012	14,915,958	10,363,847	4,552,111	22,838,598	45.38%
2013	12,775,667	10,147,780	2,627,887	20,874,143	48.61%
2014	14,057,619	11,048,992	3,008,627	21,521,242	51.34%
2015	13,270,701	9,212,322	4,058,379	19,769,460	46.60%
2016	11,447,334	8,814,471	2,632,863	23,085,894	38.18%
2017	10,582,235	11,305,756	(723,521)	20,901,389	54.09%

Notes to Schedule of Contributions

Valuation Date

January 1, 2016 (rolled forward to June 30, 2017)

Notes

Actuarially determined contribution amounts for fiscal year 2017 are calculated based upon the results of the January 1, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of pay
Remaining amortization period	25 years
Asset valuation method	Market value
Inflation	2.85%
Investment rate of return	7.40%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	RP2000 Tables, with blue collar adjustments. For Disabled members, the disabled versions of these tables are assumed. Each of these tables is projected to 2026 using Scale BB. For pre-retirement deaths, a 50% factor is applied to these tables.

Health care trend rates

Year Beginning July 1,	Pre-Medicare	Medicare	Connecticut Partnership
2017	6.50%	4.50%	4.00%
2018	6.00%	4.50%	5.50%
2019	5.50%	4.50%	5.00%
2020	5.00%	4.25%	4.75%
2021	4.50%	4.00%	4.50%
2022+	4.50%	4.00%	4.50%

CITY OF LANSING, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
Employees' Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2017	9.90%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
Police and Fire Retirement System

Schedule of Changes in Net OPEB Liability and Related Ratios

	Fiscal Year Ended June 30, 2017
Total OPEB liability	
Service cost	\$ 3,749,359
Interest on total OPEB liability	15,584,783
Benefit payments	(11,065,440)
Net change in total OPEB liability	<u>8,268,702</u>
Total OPEB liability, beginning of year	<u>286,623,495</u>
Total OPEB liability, end of year	<u>294,892,197</u>
Plan fiduciary net position	
Employer contributions	12,290,749
OPEB plan net investment income	3,487,200
Benefit payments	(11,065,440)
Administrative expense	(525,309)
Net change in plan fiduciary net position	<u>4,187,200</u>
Plan fiduciary net position, beginning of year	<u>29,946,038</u>
Plan fiduciary net position, end of year	<u>34,133,238</u>
Net OPEB liability	<u>\$ 260,758,959</u>
Plan fiduciary net position as a percentage of total OPEB liability	11.57%
Covered payroll	\$ 27,582,521
Net OPEB liability as a percentage of covered payroll	945.38%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
Police and Fire Retirement System

Schedule of the Net OPEB Liability

Fiscal Year Ending June 30,	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as Percentage of Total OPEB Liability	Covered Payroll	Net OPEB Liability as Percentage of Covered Payroll
2017	\$ 294,892,197	\$ 34,133,238	\$ 260,758,959	11.57%	\$ 27,582,521	945.38%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF LANSING, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
Police and Fire Retirement System

Schedule of Contributions

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as Percentage of Covered Payroll
2008	\$ 12,005,858	\$ 8,629,563	\$ 3,376,295	\$ 30,161,000	28.61%
2009	12,258,018	9,673,825	2,584,193	30,443,000	31.78%
2010	16,563,477	9,585,692	6,977,785	28,536,056	33.59%
2011	16,474,153	9,844,226	6,629,927	25,128,835	39.18%
2012	17,844,155	9,888,796	7,955,359	26,121,411	37.86%
2013	17,489,692	11,170,202	6,319,490	25,636,626	43.57%
2014	16,945,536	11,198,663	5,746,873	26,405,725	42.41%
2015	17,923,366	11,561,406	6,361,960	24,407,740	47.37%
2016	17,276,901	12,879,016	4,397,885	27,078,405	47.56%
2017	19,759,521	12,290,749	7,468,772	27,585,521	44.56%

Notes to Schedule of Contributions

Valuation Date

January 1, 2016 (rolled forward to June 30, 2017)

Notes

Actuarially determined contribution amounts for fiscal year 2017 are calculated based upon the results of the January 1, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of pay
Remaining amortization period	25 years
Asset valuation method	Market value
Inflation	2.85%
Investment rate of return	7.35%
Retirement age	Age-based table of rates that are specific to the type of eligibility condition.
Mortality	RP2000 Tables, with blue collar adjustments. For Disabled members, the disabled versions of these tables are assumed. Each of these tables is projected to 2026 using Scale BB. For pre-retirement deaths, a 50% factor is applied to these tables.

Health care trend rates

Year Beginning July 1,	Pre-Medicare	Medicare	Connecticut Partnership
2017	6.50%	4.50%	4.00%
2018	6.00%	4.50%	5.50%
2019	5.50%	4.50%	5.00%
2020	5.00%	4.25%	4.75%
2021	4.50%	4.00%	4.50%
2022+	4.50%	4.00%	4.50%

CITY OF LANSING, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits Plan
Police and Fire Retirement System

Schedule of Investment Returns

Fiscal Year Ending June 30,	Annual Return ⁽¹⁾
2017	9.89%

⁽¹⁾ Annual money-weighted rate of return, net of investment expenses

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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

CITY OF LANSING, MICHIGAN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Cash and cash equivalents	\$ 95,380	\$ -	\$ -	\$ -	\$ 95,380
Equity in pooled cash and investments	5,638,758	1,000	5,455,344	1,808,391	12,903,493
Accounts receivable, net	1,870	-	134,067	-	135,937
Special assessments receivable	-	-	288,878	-	288,878
Loans receivable	1,426,440	-	-	-	1,426,440
Accrued interest receivable	2,355,617	-	-	-	2,355,617
Due from other governments	9,310,474	-	-	-	9,310,474
Inventories	805,025	-	-	-	805,025
Prepays	5,468	-	-	-	5,468
Total assets	\$ 19,639,032	\$ 1,000	\$ 5,878,289	\$ 1,808,391	\$ 27,326,712
Liabilities					
Accounts payable	\$ 1,751,937	\$ -	\$ 283,060	\$ -	\$ 2,034,997
Deposits payable	102,376	-	-	-	102,376
Accrued payroll	66,379	-	-	-	66,379
Indemnity bonds	36,425	-	-	-	36,425
Due to other funds	1,600,000	-	-	-	1,600,000
Advances from other funds	-	-	257,477	-	257,477
Due to other governments	984,404	-	-	-	984,404
Unearned revenue	1,055,339	-	-	-	1,055,339
Total liabilities	5,596,860	-	540,537	-	6,137,397
Deferred inflows of resources					
Unavailable revenues - loans and accrued interest receivable	3,582,057	-	-	-	3,582,057
Unavailable revenues - special assessments	-	-	242,499	-	242,499
Total deferred inflows of resources	3,582,057	-	242,499	-	3,824,556
Fund balances					
Nonspendable	810,493	-	-	1,808,391	2,618,884
Restricted	4,553,023	1,000	175,989	-	4,730,012
Committed	5,296,599	-	5,130,362	-	10,426,961
Unassigned (deficit)	(200,000)	-	(211,098)	-	(411,098)
Total fund balances	10,460,115	1,000	5,095,253	1,808,391	17,364,759
Total liabilities, deferred inflows of resources and fund balances	\$ 19,639,032	\$ 1,000	\$ 5,878,289	\$ 1,808,391	\$ 27,326,712

CITY OF LANSING, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Taxes and special assessments	\$ 507,404	\$ 503,218	\$ 82,893	\$ -	\$ 1,093,515
Intergovernmental	20,179,778	-	-	-	20,179,778
Charges for services	3,563,325	-	554,408	-	4,117,733
Fines and forfeits	270,845	-	-	-	270,845
Interest and rents	22,054	-	4,789	13,296	40,139
Contributions	10,000	-	-	-	10,000
Other revenues	810,725	-	-	-	810,725
Total revenues	25,364,131	503,218	642,090	13,296	26,522,735
Expenditures					
Current expenditures:					
General government	3,257,370	-	-	-	3,257,370
Public safety	1,542,649	-	-	-	1,542,649
Public works	1,364	-	-	-	1,364
Highways and streets	10,969,516	-	-	-	10,969,516
Community development	4,142,612	-	-	-	4,142,612
Debt service:					
Principal	1,347,396	1,440,000	146,776	-	2,934,172
Interest	509,440	73,358	-	-	582,798
Capital outlay	6,463,497	-	2,864,781	-	9,328,278
Total expenditures	28,233,844	1,513,358	3,011,557	-	32,758,759
Revenues over (under) expenditures	(2,869,713)	(1,010,140)	(2,369,467)	13,296	(6,236,024)
Other financing sources (uses)					
Transfers in	4,544,923	1,009,876	3,772,950	39,540	9,367,289
Transfers out	(2,007,107)	-	(1,276,597)	(12,799)	(3,296,503)
Total other financing sources (uses)	2,537,816	1,009,876	2,496,353	26,741	6,070,786
Net change in fund balances	(331,897)	(264)	126,886	40,037	(165,238)
Fund balances, beginning of year	10,792,012	1,264	4,968,367	1,768,354	17,529,997
Fund balances, end of year	\$ 10,460,115	\$ 1,000	\$ 5,095,253	\$ 1,808,391	\$ 17,364,759

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CITY OF LANSING, MICHIGAN

Nonmajor Special Revenue Funds

Major Streets Fund - This fund accounts for revenues received from the State of Michigan for the City's share of state gasoline and weight taxes, which is 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.

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

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

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

Downtown Lansing, Inc. Fund - This fund accounts for assessments received from businesses located in the district. The revenues are used for special events and maintenance of the district.

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

Parks Department Fund - This fund accounts for contributions and transfers which are restricted for park expenditures.

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

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

CITY OF LANSING, MICHIGAN

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2017

	Major Streets	Local Streets	Drug Law Enforcement Federal	Drug Law Enforcement State and Local	Community Development Block Grant Program
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 23,000	\$ -
Equity in pooled cash and investments	1,169,284	174,028	349,650	825,433	372,788
Accounts receivable, net	-	-	-	-	-
Loans receivable	-	-	-	-	1,385,000
Accrued interest receivable	-	-	-	-	2,355,617
Due from other governments	5,256,859	1,503,453	-	-	1,067,475
Inventories	805,025	-	-	-	-
Prepays	2,955	-	-	-	-
Total assets	\$ 7,234,123	\$ 1,677,481	\$ 349,650	\$ 848,433	\$ 5,180,880
Liabilities					
Accounts payable	\$ 425,973	\$ 152,482	\$ -	\$ 384,465	\$ 131,229
Deposits payable	-	-	-	-	-
Accrued payroll	-	-	-	-	9,034
Indemnity bonds	36,425	-	-	-	-
Due to other funds	-	-	-	-	1,500,000
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	462,398	152,482	-	384,465	1,640,263
Deferred inflows of resources					
Unavailable revenues - loans and accrued interest receivable	-	-	-	-	3,540,617
Fund balances					
Nonspendable	807,980	-	-	-	-
Restricted	2,698,515	197,009	349,650	463,968	-
Committed	3,265,230	1,327,990	-	-	200,000
Unassigned (deficit)	-	-	-	-	(200,000)
Total fund balances	6,771,725	1,524,999	349,650	463,968	-
Total liabilities, deferred inflows of resources and fund balances	\$ 7,234,123	\$ 1,677,481	\$ 349,650	\$ 848,433	\$ 5,180,880

Downtown Lansing, Inc.	Building Department	Parks Department	State and Federal Grants	Tri-County Metro	Totals
\$ -	\$ -	\$ -	\$ -	\$ 72,380	\$ 95,380
51,712	233,813	471,568	1,048,218	942,264	5,638,758
-	1,870	-	-	-	1,870
-	-	-	41,440	-	1,426,440
-	-	-	-	-	2,355,617
-	-	-	1,406,296	76,391	9,310,474
-	-	-	-	-	805,025
2,513	-	-	-	-	5,468
<u>\$ 54,225</u>	<u>\$ 235,683</u>	<u>\$ 471,568</u>	<u>\$ 2,495,954</u>	<u>\$ 1,091,035</u>	<u>\$ 19,639,032</u>
\$ 14,118	\$ 3,499	\$ -	\$ 541,057	\$ 99,114	\$ 1,751,937
-	-	-	-	102,376	102,376
5,783	31,562	-	18,840	1,160	66,379
-	-	-	-	-	36,425
-	-	-	100,000	-	1,600,000
-	-	-	742,193	242,211	984,404
-	2,915	-	1,052,424	-	1,055,339
<u>19,901</u>	<u>37,976</u>	<u>-</u>	<u>2,454,514</u>	<u>444,861</u>	<u>5,596,860</u>
-	-	-	41,440	-	3,582,057
2,513	-	-	-	-	810,493
-	197,707	-	-	646,174	4,553,023
31,811	-	471,568	-	-	5,296,599
-	-	-	-	-	(200,000)
<u>34,324</u>	<u>197,707</u>	<u>471,568</u>	<u>-</u>	<u>646,174</u>	<u>10,460,115</u>
<u>\$ 54,225</u>	<u>\$ 235,683</u>	<u>\$ 471,568</u>	<u>\$ 2,495,954</u>	<u>\$ 1,091,035</u>	<u>\$ 19,639,032</u>

CITY OF LANSING, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds
For the Year Ended June 30, 2017

	Major Streets	Local Streets	Drug Law Enforcement Federal	Drug Law Enforcement State and Local	Community Development Block Grant Program
Revenues					
Taxes and special assessments	\$ 100,244	\$ -	\$ -	\$ -	\$ -
Intergovernmental	9,629,095	2,357,833	17,518	-	2,677,450
Charges for services	639,210	577,280	-	-	-
Fines and forfeits	-	-	-	171,392	-
Interest and rents	6,232	760	1,820	4,295	-
Contributions	-	-	-	-	-
Other revenues	432,559	-	-	-	129,662
Total revenues	10,807,340	2,935,873	19,338	175,687	2,807,112
Expenditures					
Current expenditures:					
General government	-	-	-	-	-
Public safety	-	-	-	137,437	-
Public works	-	-	-	-	-
Highways and streets	6,226,066	4,743,450	-	-	-
Community development	-	-	-	-	-
Debt service:					
Principal	321,396	1,026,000	-	-	-
Interest	169,388	340,052	-	-	-
Capital outlay	1,659,896	1,462,115	25,575	38,368	3,025,081
Total expenditures	8,376,746	7,571,617	25,575	175,805	3,025,081
Revenues over (under) expenditures	2,430,594	(4,635,744)	(6,237)	(118)	(217,969)
Other financing sources (uses)					
Transfers in	-	3,950,000	-	-	217,969
Transfers out	(2,000,000)	-	-	-	-
Total other financing sources (uses)	(2,000,000)	3,950,000	-	-	217,969
Net change in fund balances	430,594	(685,744)	(6,237)	(118)	-
Fund balances, beginning of year	6,341,131	2,210,743	355,887	464,086	-
Fund balances, end of year	\$ 6,771,725	\$ 1,524,999	\$ 349,650	\$ 463,968	\$ -

Downtown Lansing, Inc.	Building Department	Parks Department	State and Federal Grants	Tri-County Metro	Totals
\$ 407,160	\$ -	\$ -	\$ -	\$ -	\$ 507,404
-	-	-	4,951,613	546,269	20,179,778
5,965	2,340,870	-	-	-	3,563,325
-	-	-	-	99,453	270,845
269	1,217	2,454	-	5,007	22,054
10,000	-	-	-	-	10,000
205,875	-	-	42,629	-	810,725
<u>629,269</u>	<u>2,342,087</u>	<u>2,454</u>	<u>4,994,242</u>	<u>650,729</u>	<u>25,364,131</u>
746,057	2,431,013	-	80,300	-	3,257,370
-	-	-	753,951	651,261	1,542,649
-	-	-	1,364	-	1,364
-	-	-	-	-	10,969,516
-	-	-	4,142,612	-	4,142,612
-	-	-	-	-	1,347,396
-	-	-	-	-	509,440
-	-	-	252,462	-	6,463,497
<u>746,057</u>	<u>2,431,013</u>	<u>-</u>	<u>5,230,689</u>	<u>651,261</u>	<u>28,233,844</u>
<u>(116,788)</u>	<u>(88,926)</u>	<u>2,454</u>	<u>(236,447)</u>	<u>(532)</u>	<u>(2,869,713)</u>
133,400	-	-	243,554	-	4,544,923
-	-	-	(7,107)	-	(2,007,107)
<u>133,400</u>	<u>-</u>	<u>-</u>	<u>236,447</u>	<u>-</u>	<u>2,537,816</u>
16,612	(88,926)	2,454	-	(532)	(331,897)
17,712	286,633	469,114	-	646,706	10,792,012
<u>\$ 34,324</u>	<u>\$ 197,707</u>	<u>\$ 471,568</u>	<u>\$ -</u>	<u>\$ 646,174</u>	<u>\$ 10,460,115</u>

CITY OF LANSING, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

	Major Streets		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes and special assessments	\$ 109,000	\$ 100,244	\$ (8,756)
Intergovernmental	9,074,046	9,629,095	555,049
Charges for services	808,100	639,210	(168,890)
Fines and forfeits	-	-	-
Interest and rents	-	6,232	6,232
Contributions	-	-	-
Other revenues	86,400	432,559	346,159
Total revenues	10,077,546	10,807,340	729,794
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Highways and streets	6,299,208	6,226,066	(73,142)
Community development	-	-	-
Debt service:			
Principal	324,000	321,396	(2,604)
Interest	173,516	169,388	(4,128)
Capital outlay	4,462,312	1,659,896	(2,802,416)
Total expenditures	11,259,036	8,376,746	(2,882,290)
Revenues over (under) expenditures	(1,181,490)	2,430,594	3,612,084
Other financing sources (uses)			
Transfers in	113,658	-	(113,658)
Transfers out	(2,000,000)	(2,000,000)	-
Total other financing sources (uses)	(1,886,342)	(2,000,000)	(113,658)
Net change in fund balances	(3,067,832)	430,594	3,498,426
Fund balances, beginning of year	6,341,131	6,341,131	-
Fund balances, end of year	\$ 3,273,299	\$ 6,771,725	\$ 3,498,426

Local Streets			Drug Law Enforcement Federal		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,592,040	2,357,833	(234,207)	-	17,518	17,518
750,000	577,280	(172,720)	-	-	-
-	-	-	-	-	-
-	760	760	-	1,820	1,820
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,342,040</u>	<u>2,935,873</u>	<u>(406,167)</u>	<u>-</u>	<u>19,338</u>	<u>19,338</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,005,596	4,743,450	(262,146)	-	-	-
-	-	-	-	-	-
1,026,000	1,026,000	-	-	-	-
357,704	340,052	(17,652)	-	-	-
<u>2,527,927</u>	<u>1,462,115</u>	<u>(1,065,812)</u>	<u>306,800</u>	<u>25,575</u>	<u>(281,225)</u>
<u>8,917,227</u>	<u>7,571,617</u>	<u>(1,345,610)</u>	<u>306,800</u>	<u>25,575</u>	<u>(281,225)</u>
<u>(5,575,187)</u>	<u>(4,635,744)</u>	<u>939,443</u>	<u>(306,800)</u>	<u>(6,237)</u>	<u>300,563</u>
3,950,000	3,950,000	-	-	-	-
-	-	-	-	-	-
<u>3,950,000</u>	<u>3,950,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,625,187)	(685,744)	939,443	(306,800)	(6,237)	300,563
<u>2,210,743</u>	<u>2,210,743</u>	<u>-</u>	<u>355,887</u>	<u>355,887</u>	<u>-</u>
<u>\$ 585,556</u>	<u>\$ 1,524,999</u>	<u>\$ 939,443</u>	<u>\$ 49,087</u>	<u>\$ 349,650</u>	<u>\$ 300,563</u>

continued...

CITY OF LANSING, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

	Drug Law Enforcement State and Local		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	171,392	171,392
Interest and rents	-	4,295	4,295
Contributions	-	-	-
Other revenues	-	-	-
Total revenues	<u>-</u>	<u>175,687</u>	<u>175,687</u>
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	175,100	137,437	(37,663)
Public works	-	-	-
Highways and streets	-	-	-
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	88,200	38,368	(49,832)
Total expenditures	<u>263,300</u>	<u>175,805</u>	<u>(87,495)</u>
Revenues over (under) expenditures	<u>(263,300)</u>	<u>(118)</u>	<u>263,182</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(263,300)	(118)	263,182
Fund balances, beginning of year	464,086	464,086	-
Fund balances, end of year	<u>\$ 200,786</u>	<u>\$ 463,968</u>	<u>\$ 263,182</u>

Community Development Block Grant Program			Downtown Lansing, Inc.		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ 399,000	\$ 407,160	\$ 8,160
1,852,395	2,677,450	825,055	-	-	-
-	-	-	4,800	5,965	1,165
-	-	-	-	-	-
-	-	-	-	269	269
-	-	-	10,000	10,000	-
1,053,388	129,662	(923,726)	253,500	205,875	(47,625)
2,905,783	2,807,112	(98,671)	667,300	629,269	(38,031)
-	-	-	800,700	746,057	(54,643)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,100,983	3,025,081	(75,902)	-	-	-
3,100,983	3,025,081	(75,902)	800,700	746,057	(54,643)
(195,200)	(217,969)	(22,769)	(133,400)	(116,788)	16,612
195,200	217,969	22,769	133,400	133,400	-
-	-	-	-	-	-
195,200	217,969	22,769	133,400	133,400	-
-	-	-	-	16,612	16,612
-	-	-	17,712	17,712	-
\$ -	\$ -	\$ -	\$ 17,712	\$ 34,324	\$ 16,612

continued...

CITY OF LANSING, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

	Building Department		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	2,460,150	2,340,870	(119,280)
Fines and forfeits	-	-	-
Interest and rents	-	1,217	1,217
Contributions	-	-	-
Other revenues	-	-	-
Total revenues	<u>2,460,150</u>	<u>2,342,087</u>	<u>(118,063)</u>
Expenditures			
Current expenditures:			
General government	2,451,000	2,431,013	(19,987)
Public safety	-	-	-
Public works	-	-	-
Highways and streets	-	-	-
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>2,451,000</u>	<u>2,431,013</u>	<u>(19,987)</u>
Revenues over (under) expenditures	<u>9,150</u>	<u>(88,926)</u>	<u>(98,076)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,150	(88,926)	(98,076)
Fund balances, beginning of year	<u>286,633</u>	<u>286,633</u>	<u>-</u>
Fund balances, end of year	<u>\$ 295,783</u>	<u>\$ 197,707</u>	<u>\$ (98,076)</u>

Parks Department			State and Federal Grants		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	13,579,388	4,951,613	(8,627,775)
-	-	-	-	-	-
-	-	-	-	-	-
-	2,454	2,454	-	-	-
-	-	-	-	-	-
-	-	-	-	42,629	42,629
-	2,454	2,454	13,579,388	4,994,242	(8,585,146)
-	-	-	136,213	80,300	(55,913)
-	-	-	1,081,614	753,951	(327,663)
-	-	-	-	1,364	1,364
-	-	-	-	-	-
-	-	-	7,050,020	4,142,612	(2,907,408)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	4,678,072	252,462	(4,425,610)
41,175	-	(41,175)	12,945,920	5,230,689	(7,715,231)
(41,175)	2,454	43,629	633,468	(236,447)	(869,915)
-	-	-	261,769	243,554	(18,215)
-	-	-	-	(7,107)	7,107
-	-	-	261,769	236,447	(25,322)
(41,175)	2,454	43,629	895,237	-	(895,237)
469,114	469,114	-	-	-	-
\$ 427,939	\$ 471,568	\$ 43,629	\$ 895,237	\$ -	(895,237)

continued...

CITY OF LANSING, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds

For the Year Ended June 30, 2017

	Tri-County Metro		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes and special assessments	\$ -	\$ -	\$ -
Intergovernmental	425,000	546,269	121,269
Charges for services	-	-	-
Fines and forfeits	425,000	99,453	(325,547)
Interest and rents	-	5,007	5,007
Contributions	-	-	-
Other revenues	-	-	-
Total revenues	850,000	650,729	(199,271)
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	838,000	651,261	(186,739)
Public works	-	-	-
Highways and streets	-	-	-
Community development	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
Total expenditures	838,000	651,261	(186,739)
Revenues over (under) expenditures	12,000	(532)	(12,532)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(12,000)	-	(12,000)
Total other financing sources (uses)	(12,000)	-	(12,000)
Net change in fund balances	-	(532)	(532)
Fund balances, beginning of year	646,706	646,706	-
Fund balances, end of year	\$ 646,706	\$ 646,174	\$ (532)

concluded

CITY OF LANSING, MICHIGAN

Nonmajor Debt Service Funds

2015 Refunding Debt Service Fund - This fund accounts for the accumulation of resources for payment of the 2015 \$320,000 Refunding 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 (which was refunding in 2007 in the amount of \$1,780,000).

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 (which was refunding in 2010 in the amount of \$2,470,000).

2014 Technology Bond Fund - This fund accounts for the accumulation of resources for payment of the 2014 \$2,275,000 Limited Tax Capital Improvement Bonds issued for technology improvements.

CITY OF LANSING, MICHIGAN

Combining Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2017

	2015 Refunding Debt Service	1999 Fire Station	2001 Fire Station	2014 Technology Bond	Totals
Assets					
Equity in pooled cash and investments	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000
Fund balances					
Restricted	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000

CITY OF LANSING, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended June 30, 2017

	2015 Refunding Debt Service	1999 Fire Station	2001 Fire Station	2014 Technology Bond	Totals
Revenues					
Taxes and special assessments	\$ -	\$ 225,697	\$ 277,521	\$ -	\$ 503,218
Expenditures					
Debt service:					
Principal	160,000	200,000	310,000	770,000	1,440,000
Interest	6,427	25,800	25,231	15,900	73,358
Total expenditures	166,427	225,800	335,231	785,900	1,513,358
Revenues under expenditures	(166,427)	(103)	(57,710)	(785,900)	(1,010,140)
Other financing source					
Transfers in	166,427	-	57,549	785,900	1,009,876
Net change in fund balances	-	(103)	(161)	-	(264)
Fund balances, beginning of year	-	103	1,161	-	1,264
Fund balances, end of year	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,000

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CITY OF LANSING, MICHIGAN

Nonmajor Capital Projects Funds

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

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

CITY OF LANSING, MICHIGAN

Combining Balance Sheet Nonmajor Capital Projects Funds June 30, 2017

	1990 Environ- mental II	Special Assessments	Other Capital Projects	Totals
Assets				
Equity in pooled cash and investments	\$ 688	\$ -	\$ 5,454,656	\$ 5,455,344
Accounts receivable, net	-	-	134,067	134,067
Special assessments receivable:				
Current	-	46,379	-	46,379
Deferred	-	242,499	-	242,499
Total assets	\$ 688	\$ 288,878	\$ 5,588,723	\$ 5,878,289
Liabilities				
Accounts payable	\$ -	\$ -	\$ 283,060	\$ 283,060
Advance from other funds	-	257,477	-	257,477
Total liabilities	-	257,477	283,060	540,537
Deferred inflows of resources				
Unavailable revenues - special assessments	-	242,499	-	242,499
Fund balances				
Restricted	688	-	175,301	175,989
Committed	-	-	5,130,362	5,130,362
Unassigned (deficit)	-	(211,098)	-	(211,098)
Total fund balances (deficit)	688	(211,098)	5,305,663	5,095,253
Total liabilities, deferred inflows of resources and fund balances	\$ 688	\$ 288,878	\$ 5,588,723	\$ 5,878,289

CITY OF LANSING, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds
For the Year Ended June 30, 2017

	1990 Environ- mental II	Special Assessments	Other Capital Projects	Totals
Revenues				
Special assessments	\$ -	\$ 82,893	\$ -	\$ 82,893
Charges for services	-	-	554,408	554,408
Interest and rents	-	-	4,789	4,789
Total revenues	<u>-</u>	<u>82,893</u>	<u>559,197</u>	<u>642,090</u>
Expenditures				
Debt service:				
Principal	-	-	146,776	146,776
Capital outlay	25,449	(2,908)	2,842,240	2,864,781
Total expenditures	<u>25,449</u>	<u>(2,908)</u>	<u>2,989,016</u>	<u>3,011,557</u>
Revenues over (under) expenditures	<u>(25,449)</u>	<u>85,801</u>	<u>(2,429,819)</u>	<u>(2,369,467)</u>
Other financing sources (uses)				
Transfers in	-	-	3,772,950	3,772,950
Transfers out	-	(86,647)	(1,189,950)	(1,276,597)
Total other financing sources (uses)	<u>-</u>	<u>(86,647)</u>	<u>2,583,000</u>	<u>2,496,353</u>
Net change in fund balances	<u>(25,449)</u>	<u>(846)</u>	<u>153,181</u>	<u>126,886</u>
Fund balances (deficit), beginning of year	<u>26,137</u>	<u>(210,252)</u>	<u>5,152,482</u>	<u>4,968,367</u>
Fund balances (deficit), end of year	<u>\$ 688</u>	<u>\$ (211,098)</u>	<u>\$ 5,305,663</u>	<u>\$ 5,095,253</u>

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CITY OF LANSING, MICHIGAN

Nonmajor Permanent Funds

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

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

CITY OF LANSING, MICHIGAN

Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2017

	Cemetery Perpetual Care	Parks Trust	Totals
Assets			
Equity in pooled cash and investments	<u>\$ 1,807,132</u>	<u>\$ 1,259</u>	<u>\$ 1,808,391</u>
Fund balances			
Nonspendable	<u>\$ 1,807,132</u>	<u>\$ 1,259</u>	<u>\$ 1,808,391</u>

CITY OF LANSING, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Permanent Funds

For the Year Ended June 30, 2017

	Cemetery Perpetual Care	Parks Trust	Totals
Revenues			
Interest and rents	\$ 13,290	\$ 6	\$ 13,296
Other financing sources (uses)			
Transfers in	39,540	-	39,540
Transfers out	(12,799)	-	(12,799)
Total other financing sources (uses)	26,741	-	26,741
Net change in fund balances	40,031	6	40,037
Fund balances, beginning of year	1,767,101	1,253	1,768,354
Fund balances, end of year	\$ 1,807,132	\$ 1,259	\$ 1,808,391

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CITY OF LANSING, MICHIGAN

■ Nonmajor Enterprise Funds

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

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

Garbage and Rubbish Collection Fund - This fund accounts for the provision of household solid waste disposal services to participating residents of the City.

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

CITY OF LANSING, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2017

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Assets					
Current assets:					
Cash and cash equivalents	\$ 200	\$ 300	\$ 47,508	\$ -	\$ 48,008
Equity in pooled cash and investments	154,782	127,051	299,213	1,178,527	1,759,573
Accounts receivable, net	-	-	65,266	8,166	73,432
Inventories	48,862	2,462	-	-	51,324
Total current assets	203,844	129,813	411,987	1,186,693	1,932,337
Noncurrent assets:					
Capital assets not being depreciated	57,740	446,501	-	-	504,241
Capital assets being depreciated, net	106,879	1,973,315	-	752,531	2,832,725
Total noncurrent assets	164,619	2,419,816	-	752,531	3,336,966
Total assets	368,463	2,549,629	411,987	1,939,224	5,269,303
Deferred outflows of resources					
Deferred pension amounts	102,405	104,962	274,477	344,422	826,266
Liabilities					
Current liabilities:					
Accounts payable	65,026	3,232	5,032	32,910	106,200
Accrued interest payable	-	-	-	5,046	5,046
Accrued payroll	1,608	17,374	-	-	18,982
Unearned revenues	-	20,400	108,472	-	128,872
Current portion of:					
Bonds and notes payable	-	-	-	221,223	221,223
Compensated absences	2,019	-	6,324	14,829	23,172
Total current liabilities	68,653	41,006	119,828	274,008	503,495
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	-	-	-	808,500	808,500
Compensated absences, net of current portion	12,735	31,253	39,887	93,533	177,408
Net pension liability	1,021,362	1,070,764	2,539,129	3,906,332	8,537,587
Total noncurrent liabilities	1,034,097	1,102,017	2,579,016	4,808,365	9,523,495
Total liabilities	1,102,750	1,143,023	2,698,844	5,082,373	10,026,990
Deferred inflows of resources					
Deferred pension amounts	93,311	100,831	207,002	416,171	817,315
Net position					
Net investment in capital assets	164,619	2,419,816	-	(277,192)	2,307,243
Unrestricted (deficit)	(889,812)	(1,009,079)	(2,219,382)	(2,937,706)	(7,055,979)
Total net position	\$ (725,193)	\$ 1,410,737	\$ (2,219,382)	\$ (3,214,898)	\$ (4,748,736)

CITY OF LANSING, MICHIGAN

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

Nonmajor Enterprise Funds

For the Year Ended June 30, 2017

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Operating revenues					
Charges for services	\$ 403,663	\$ 256,218	\$ 1,952,897	\$ 3,614,794	\$ 6,227,572
Operating expenses					
Personal services	319,891	500,693	748,147	1,783,880	3,352,611
Purchase of goods and services	555,994	224,969	795,233	1,339,250	2,915,446
Depreciation	10,694	72,295	-	301,012	384,001
Total operating expenses	886,579	797,957	1,543,380	3,424,142	6,652,058
Operating income (loss)	(482,916)	(541,739)	409,517	190,652	(424,486)
Nonoperating revenues (expenses)					
Interest revenue	2,177	661	1,557	6,132	10,527
Gain on sale of capital assets	-	2,015	-	-	2,015
Interest expense and fees	-	(4,607)	-	(29,271)	(33,878)
Capital contribution to others	-	-	-	(214,486)	(214,486)
Total nonoperating revenues (expenses)	2,177	(1,931)	1,557	(237,625)	(235,822)
Income (loss) before transfers	(480,739)	(543,670)	411,074	(46,973)	(660,308)
Transfers in	374,249	711,500	-	-	1,085,749
Transfers out	(39,540)	-	-	-	(39,540)
Change in net position	(146,030)	167,830	411,074	(46,973)	385,901
Net position, beginning of year	(579,163)	1,242,907	(2,630,456)	(3,167,925)	(5,134,637)
Net position, end of year	\$ (725,193)	\$ 1,410,737	\$ (2,219,382)	\$ (3,214,898)	\$ (4,748,736)

CITY OF LANSING, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2017

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Cash flows from operating activities					
Cash received from customers	\$ 403,663	\$ 255,976	\$ 1,986,046	\$ 3,615,718	\$ 6,261,403
Cash payments for goods and services	(539,483)	(235,387)	(825,876)	(1,353,787)	(2,954,533)
Cash payments to employees	(362,584)	(542,911)	(851,118)	(1,970,255)	(3,726,868)
Net cash provided by (used in) operating activities	(498,404)	(522,322)	309,052	291,676	(419,998)
Cash flows from noncapital financing activities					
Transfers in	374,249	711,500	-	-	1,085,749
Transfers out	(39,540)	-	-	-	(39,540)
Net cash provided by noncapital financing activities	334,709	711,500	-	-	1,046,209
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	2,015	-	-	2,015
Acquisition of capital assets	-	(74,512)	-	-	(74,512)
Capital contributions to others	-	-	-	(214,486)	(214,486)
Principal paid on long-term debt	-	(105,000)	-	(216,950)	(321,950)
Interest paid on long-term debt	-	(2,520)	-	(30,334)	(32,854)
Net cash used in capital and related financing activities	-	(180,017)	-	(461,770)	(641,787)
Cash flows from investing activities					
Interest and dividends received	2,177	661	1,557	6,132	10,527
Net change in cash and cash equivalents	(161,518)	9,822	310,609	(163,962)	(5,049)
Cash and cash equivalents, beginning of year	316,500	117,529	36,112	1,342,489	1,812,630
Cash and cash equivalents, end of year	\$ 154,982	\$ 127,351	\$ 346,721	\$ 1,178,527	\$ 1,807,581
Reconciliation to statement of net position					
Cash and cash equivalents	\$ 200	\$ 300	\$ 47,508	\$ -	\$ 48,008
Equity in pooled cash and investments	154,782	127,051	299,213	1,178,527	1,759,573
	\$ 154,982	\$ 127,351	\$ 346,721	\$ 1,178,527	\$ 1,807,581

continued...

CITY OF LANSING, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2017

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (482,916)	\$ (541,739)	\$ 409,517	\$ 190,652	\$ (424,486)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	10,694	72,295	-	301,012	384,001
Changes in:					
Accounts receivable	-	912	9,409	924	11,245
Inventories	-	1,561	10,579	-	12,140
Accounts payable	16,511	(9,682)	(41,222)	(14,537)	(48,930)
Accrued payroll	(1,491)	(3,950)	-	-	(5,441)
Due to other funds	-	(2,297)	-	-	(2,297)
Unearned revenues	-	(1,154)	23,740	-	22,586
Compensated absences	(5,929)	516	(30,266)	(15,888)	(51,567)
Net pension liability and related deferred amounts	(35,273)	(38,784)	(72,705)	(170,487)	(317,249)
Net cash provided by (used in) operating activities	<u>\$ (498,404)</u>	<u>\$ (522,322)</u>	<u>\$ 309,052</u>	<u>\$ 291,676</u>	<u>\$ (419,998)</u>

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CITY OF LANSING, MICHIGAN

Internal Service Funds

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

Fringe Benefits Fund - This fund accounts for the costs of the City's fringe benefits.

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

Information Technology Fund - This fund accounts for the operations of the City's information technology department.

CITY OF LANSING, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2017

	Fleet Maintenance	Fringe Benefits	Engineering	Information Technology	Totals
Assets					
Current assets:					
Cash and cash equivalents	\$ 57,842	\$ -	\$ -	\$ -	\$ 57,842
Equity in pooled cash and investments	2,531,845	1,825,080	631,958	764,018	5,752,901
Accounts receivable, net	8,078	62,925	-	-	71,003
Inventories	481,514	-	-	-	481,514
Prepays	625	297,740	1,250	-	299,615
Total current assets	<u>3,079,904</u>	<u>2,185,745</u>	<u>633,208</u>	<u>764,018</u>	<u>6,662,875</u>
Noncurrent assets:					
Capital assets not being depreciated	92,892	-	-	-	92,892
Capital assets being depreciated, net	10,849,332	-	1,560,905	-	12,410,237
Total noncurrent assets	<u>10,942,224</u>	<u>-</u>	<u>1,560,905</u>	<u>-</u>	<u>12,503,129</u>
Total assets	<u>14,022,128</u>	<u>2,185,745</u>	<u>2,194,113</u>	<u>764,018</u>	<u>19,166,004</u>
Liabilities					
Current liabilities:					
Accounts payable	79,820	457,439	515	240,358	778,132
Accrued interest payable	26,253	-	-	-	26,253
Accrued payroll	60,871	17,934	58,944	25,386	163,135
Claims incurred but not reported	-	885,000	-	-	885,000
Current portion of:					
Bonds and notes payable	832,965	-	-	-	832,965
Compensated absences	61,224	-	-	4,611	65,835
Total current liabilities	<u>1,061,133</u>	<u>1,360,373</u>	<u>59,459</u>	<u>270,355</u>	<u>2,751,320</u>
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	3,030,050	-	-	-	3,030,050
Compensated absences, net of current portion	117,294	52,124	459,018	141,440	769,876
Total noncurrent liabilities	<u>3,147,344</u>	<u>52,124</u>	<u>459,018</u>	<u>141,440</u>	<u>3,799,926</u>
Total liabilities	<u>4,208,477</u>	<u>1,412,497</u>	<u>518,477</u>	<u>411,795</u>	<u>6,551,246</u>
Net position					
Net investment in capital assets	7,079,209	-	1,560,905	-	8,640,114
Unrestricted	2,734,442	773,248	114,731	352,223	3,974,644
Total net position	<u>\$ 9,813,651</u>	<u>\$ 773,248</u>	<u>\$ 1,675,636</u>	<u>\$ 352,223</u>	<u>\$ 12,614,758</u>

CITY OF LANSING, MICHIGAN

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

Internal Service Funds

For the Year Ended June 30, 2017

	Fleet Maintenance	Fringe Benefits	Engineering	Information Technology	Totals
Operating revenues					
Charges for services	\$ 8,360,499	\$ 60,579,533	\$ 4,427,060	\$ 4,637,481	\$ 78,004,573
Operating expenses					
Personal services	3,172,166	292,704	3,198,142	1,430,034	8,093,046
Purchase of goods and services	3,274,578	61,209,286	1,203,502	2,962,873	68,650,239
Depreciation	1,888,364	-	45,431	-	1,933,795
Total operating expenses	8,335,108	61,501,990	4,447,075	4,392,907	78,677,080
Operating income (loss)	25,391	(922,457)	(20,015)	244,574	(672,507)
Nonoperating revenues (expenses)					
Gain on sale of capital assets	54,365	-	-	-	54,365
Interest expense and fees	(141,962)	-	-	-	(141,962)
Total nonoperating revenues (expenses)	(87,597)	-	-	-	(87,597)
Income (loss) before transfers	(62,206)	(922,457)	(20,015)	244,574	(760,104)
Transfers in	1,650,000	-	-	-	1,650,000
Transfers out	-	-	-	(785,900)	(785,900)
Change in net position	1,587,794	(922,457)	(20,015)	(541,326)	103,996
Net position, beginning of year	8,225,857	1,695,705	1,695,651	893,549	12,510,762
Net position, end of year	\$ 9,813,651	\$ 773,248	\$ 1,675,636	\$ 352,223	\$ 12,614,758

CITY OF LANSING, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2017

	Fleet Maintenance	Fringe Benefits	Engineering	Information Technology	Totals
Cash flows from operating activities					
Cash received from interfund services	\$ 8,352,421	\$ 61,096,863	\$ 4,427,060	\$ 4,637,481	\$ 78,513,825
Cash payments for goods and services	(3,603,989)	(61,095,752)	(1,240,350)	(2,751,490)	(68,691,581)
Cash payments to employees	(3,200,423)	(47,635)	(3,149,312)	(1,391,260)	(7,788,630)
Net cash provided by (used in) operating activities	1,548,009	(46,524)	37,398	494,731	2,033,614
Cash flows from noncapital financing activities					
Transfers in	1,650,000	-	-	-	1,650,000
Transfers out	-	-	-	(785,900)	(785,900)
Net cash provided by (used in) noncapital financing activities	1,650,000	-	-	(785,900)	864,100
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	102,751	-	-	-	102,751
Acquisition and construction of capital assets	(2,191,524)	-	-	-	(2,191,524)
Principal paid on long-term debt	(893,799)	-	-	-	(893,799)
Interest paid on long-term debt	(147,541)	-	-	-	(147,541)
Net cash used in capital and related financing activities	(3,130,113)	-	-	-	(3,130,113)
Net change in cash and cash equivalents	67,896	(46,524)	37,398	(291,169)	(232,399)
Cash and cash equivalents, beginning of year	2,521,791	1,871,604	594,560	1,055,187	6,043,142
Cash and cash equivalents, end of year	<u>\$ 2,589,687</u>	<u>\$ 1,825,080</u>	<u>\$ 631,958</u>	<u>\$ 764,018</u>	<u>\$ 5,810,743</u>
Reconciliation to statement of net position					
Cash and cash equivalents	\$ 57,842	\$ -	\$ -	\$ -	\$ 57,842
Equity in pooled cash and investments	2,531,845	1,825,080	631,958	764,018	5,752,901
	<u>\$ 2,589,687</u>	<u>\$ 1,825,080</u>	<u>\$ 631,958</u>	<u>\$ 764,018</u>	<u>\$ 5,810,743</u>

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CITY OF LANSING, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2017

	Fleet Maintenance	Fringe Benefits	Engineering	Information Technology	Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ 25,391	\$ (922,457)	\$ (20,015)	\$ 244,574	\$ (672,507)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,888,364	-	45,431	-	1,933,795
Change in:					
Accounts receivable	(8,078)	517,330	-	-	509,252
Inventories	(106,623)	-	-	-	(106,623)
Prepays	(625)	58,630	(1,250)	6,242	62,997
Accounts payable	(222,163)	54,904	(35,598)	205,141	2,284
Accrued payroll	638	10,702	11,405	5,178	27,923
Claims incurred but not reported					
reported	-	228,936	-	-	228,936
Compensated absences	(28,895)	5,431	37,425	33,596	47,557
Net cash provided by (used in) operating activities	<u>\$ 1,548,009</u>	<u>\$ (46,524)</u>	<u>\$ 37,398</u>	<u>\$ 494,731</u>	<u>\$ 2,033,614</u>

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CITY OF LANSING, MICHIGAN

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, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
June 30, 2017

	54-A District Court		Totals
	Bail Bonds	Garnishment, Indemnity Bond and Restitution	
Assets			
Equity in pooled cash and investments	\$ 65,651	\$ 4,240	\$ 69,891
Liabilities			
Undistributed receipts	\$ 65,651	\$ 4,240	\$ 69,891

CITY OF LANSING, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2017

	Beginning Balance	Additions	Deletions	Ending Balance
54-A District Court - Bail Bonds				
Assets				
Equity in pooled cash and investments	\$ 63,498	\$ 469,879	\$ 467,726	\$ 65,651
Liabilities				
Undistributed receipts	\$ 63,498	\$ 469,879	\$ 467,726	\$ 65,651
54-A District Court - Garnishment, Indemnity Bond and Restitution				
Assets				
Equity in pooled cash and investments	\$ 4,240	\$ 63,640,006	\$ 63,640,006	\$ 4,240
Liabilities				
Undistributed receipts	\$ 4,240	\$ 63,640,006	\$ 63,640,006	\$ 4,240
Total - all agency funds				
Assets				
Equity in pooled cash and investments	\$ 67,738	\$ 64,109,885	\$ 64,107,732	\$ 69,891
Liabilities				
Undistributed receipts	\$ 67,738	\$ 64,109,885	\$ 64,107,732	\$ 69,891

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STATISTICAL SECTION

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CITY OF LANSING, MICHIGAN

Statistical Section Table of Contents

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

		<u>Page</u>
Financial Trends (Tables 1-4)	These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	185
Revenue Capacity (Tables 5-8)	These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.	190
Debt Capacity (Tables 9-13)	These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	194
Demographic and Economic Information (Tables 14-15)	These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	199
Operating Information (Tables 16-18)	These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	202

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

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Net Position by Component										
Last Ten Fiscal Years										
	2017	2016	2015 ⁽¹⁾	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 149,533,948	\$ 149,676,860	\$ 151,785,916	\$ 150,976,010	\$ 154,372,604	\$ 163,723,249	\$ 180,571,237	\$ 186,536,428	\$ 191,516,475	\$ 187,054,852
Restricted	10,993,950	12,922,525	12,311,541	13,133,137	12,552,011	14,524,584	14,777,571	14,304,689	17,139,090	34,554,539
Unrestricted (deficit)	<u>(276,790,945)</u>	<u>(265,678,371)</u>	<u>(251,453,207)</u>	<u>(46,344,555)</u>	<u>(39,467,672)</u>	<u>(34,371,855)</u>	<u>(18,840,717)</u>	<u>(7,649,432)</u>	<u>6,589,790</u>	<u>(3,124,027)</u>
Total governmental activities net position	<u>\$ (116,263,047)</u>	<u>\$ (103,078,986)</u>	<u>\$ (87,355,750)</u>	<u>\$ 117,764,592</u>	<u>\$ 127,456,943</u>	<u>\$ 143,875,978</u>	<u>\$ 176,508,091</u>	<u>\$ 193,191,685</u>	<u>\$ 215,245,355</u>	<u>\$ 218,485,364</u>
Business-type activities										
Net investment in capital assets	\$ 224,161,744	\$ 220,436,882	\$ 218,813,478	\$ 214,458,841	\$ 212,682,278	\$ 209,584,457	\$ 204,149,751	\$ 194,854,140	\$ 185,430,669	\$ 178,526,049
Restricted	1,818,671	2,764,963	2,889,096	8,746,096	11,077,134	12,382,060	13,080,302	19,917,341	19,454,812	30,892,739
Unrestricted	<u>25,415,447</u>	<u>19,401,320</u>	<u>17,242,167</u>	<u>37,891,053</u>	<u>31,943,581</u>	<u>32,196,598</u>	<u>34,177,453</u>	<u>30,193,568</u>	<u>23,730,694</u>	<u>16,330,517</u>
Total business-type activities net position	<u>\$ 251,395,862</u>	<u>\$ 242,603,165</u>	<u>\$ 238,944,741</u>	<u>\$ 261,095,990</u>	<u>\$ 255,702,993</u>	<u>\$ 254,163,115</u>	<u>\$ 251,407,506</u>	<u>\$ 244,965,049</u>	<u>\$ 228,616,175</u>	<u>\$ 225,749,305</u>
Primary government										
Net investment in capital assets	\$ 373,695,692	\$ 370,113,742	\$ 370,599,394	\$ 365,434,851	\$ 367,054,882	\$ 373,307,706	\$ 384,720,988	\$ 381,390,568	\$ 376,947,144	\$ 365,580,901
Restricted	12,812,621	15,687,488	15,200,637	21,879,233	23,629,145	26,906,644	27,857,873	34,222,030	36,593,902	65,447,278
Unrestricted (deficit)	<u>(251,375,498)</u>	<u>(246,277,051)</u>	<u>(234,211,040)</u>	<u>(8,453,502)</u>	<u>(7,524,091)</u>	<u>(2,175,257)</u>	<u>15,336,736</u>	<u>22,544,136</u>	<u>30,320,484</u>	<u>13,206,490</u>
Total primary government net position	<u>\$ 135,132,815</u>	<u>\$ 139,524,179</u>	<u>\$ 151,588,991</u>	<u>\$ 378,860,582</u>	<u>\$ 383,159,936</u>	<u>\$ 398,039,093</u>	<u>\$ 427,915,597</u>	<u>\$ 438,156,734</u>	<u>\$ 443,861,530</u>	<u>\$ 444,234,669</u>

Note: No discretely presented component units shown

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

Change in Net Position Last Ten Fiscal Years										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 21,778,154	\$ 27,993,414	\$ 25,225,893	\$ 24,771,054	\$ 27,438,065	\$ 30,841,776	\$ 25,665,269	\$ 30,326,671	\$ 26,426,242	\$ 28,901,548
Public safety	91,829,441	85,739,408	81,827,437	78,142,897	77,133,469	82,369,004	83,546,997	84,566,215	71,236,947	76,211,756
Public works	28,983,891	28,212,049	27,815,970	37,243,516	29,984,955	33,144,303	26,355,375	29,252,516	37,588,680	40,032,746
Recreation and culture	9,441,519	10,336,168	6,515,590	8,670,918	7,713,098	8,889,142	8,245,451	7,312,480	7,298,385	7,677,083
Community development	12,349,663	10,642,102	10,270,404	7,602,229	16,939,572	13,623,946	12,825,028	9,715,087	6,378,286	6,382,336
Interest on long-term debt	1,201,846	1,424,215	1,291,846	1,340,818	1,475,051	1,949,825	2,116,535	2,229,288	1,803,125	1,481,658
Total governmental activities expenses	165,584,514	164,347,356	152,947,140	157,771,432	160,684,210	170,817,996	158,754,655	163,402,257	150,731,665	160,687,127
Business-type activities:										
Sewage disposal system	27,567,228	28,487,957	27,506,843	28,682,809	26,298,964	26,836,597	26,444,741	24,931,075	26,247,188	27,382,736
Municipal parking system	6,866,747	7,651,077	7,605,461	7,851,702	8,108,373	9,491,376	9,896,498	8,305,095	8,353,063	10,188,065
Cemetery	886,579	708,545	632,485	722,270	633,050	639,000	755,766	659,584	689,979	675,672
Golf	802,564	845,575	852,634	935,671	892,117	810,372	846,817	869,003	927,200	1,072,505
Garbage and rubbish collection	1,543,380	2,085,728	1,712,671	1,722,843	1,557,708	1,558,024	1,515,600	1,451,059	1,547,372	1,436,642
Recycling	3,667,899	4,092,278	3,623,276	3,263,553	3,650,292	3,041,328	2,809,353	2,804,047	3,008,750	2,940,366
Potter Park Zoo	-	-	-	-	-	-	-	-	-	(156,270)
Total business-type activities expenses	41,334,397	43,871,160	41,933,370	43,178,848	41,140,504	42,376,697	42,268,775	39,019,863	40,773,552	43,539,716
Total primary government expenses	206,918,911	208,218,516	194,880,510	200,950,280	201,824,714	213,194,693	201,023,430	202,422,120	191,505,217	204,226,843
Program revenues										
Governmental activities:										
Charges for services:										
General government	7,295,556	7,279,427	6,815,975	6,820,261	6,162,713	6,428,110	6,742,306	6,565,263	5,188,510	5,938,911
Public safety	3,476,966	2,909,054	3,344,183	2,122,023	4,083,222	8,525,524	8,975,173	8,589,146	9,817,421	12,705,181
Public works	1,836,466	3,011,894	1,923,303	2,129,126	1,622,738	2,797,443	2,449,606	2,788,112	4,565,013	4,364,525
Recreation and culture	617,604	673,840	619,834	800,293	594,349	557,609	685,120	587,906	1,217,445	1,556,260
Community development	67,312	67,272	67,264	67,323	67,349	67,344	122,326	69,250	50,132	66,308
Operating grants and contributions	25,157,629	24,561,960	24,658,955	28,234,803	29,322,435	31,928,983	30,154,681	27,515,892	26,462,211	20,356,292
Capital grants and contributions	63,488	904,298	2,910,660	3,365,682	3,124,288	260,656	189,414	3,109,410	2,571,741	2,531,974
Total governmental activities program revenues	38,515,021	39,407,745	40,340,174	43,539,511	44,977,094	50,565,669	49,318,626	49,224,979	49,872,473	47,519,451
Business-type activities:										
Charges for services:										
Sewage disposal system	34,755,896	32,368,491	31,730,416	31,759,698	30,825,174	29,915,799	29,205,945	28,907,772	27,446,304	28,023,322
Municipal parking system	6,906,091	7,090,335	6,988,879	7,453,476	5,267,627	6,858,606	7,539,179	7,396,219	7,539,611	10,090,566
Cemetery	403,663	312,929	335,379	289,565	314,913	240,394	225,947	226,973	248,314	218,688
Golf	256,218	313,164	363,559	366,567	373,000	390,134	382,546	438,315	448,067	607,922
Garbage and rubbish collection	1,952,897	1,871,665	1,744,999	1,664,201	1,131,659	1,459,101	1,507,577	1,677,428	1,486,531	1,617,717
Recycling	3,614,794	3,627,070	3,624,671	3,508,536	3,434,622	2,818,364	2,609,423	2,651,309	2,945,061	3,039,089
Potter Park Zoo	-	-	-	-	-	-	-	-	-	(115)
Operating grants and contributions	1,391,326	1,312,362	1,143,085	2,574,949	1,193,571	1,331,737	4,456,708	1,535,907	1,541,913	-
Capital grants and contributions	100,000	-	-	-	-	2,683,657	1,439,044	11,928,108	60,318	196,317
Total business-type activities program revenues	49,380,885	46,896,016	45,930,988	47,616,992	42,540,566	45,697,792	47,366,369	54,762,031	41,716,119	43,793,506
Total primary government program revenues	87,895,906	86,303,761	86,271,162	91,156,503	87,517,660	96,263,461	96,684,995	103,987,010	91,588,592	91,312,957
Net (expenses) revenues										
Governmental activities	(127,069,493)	(124,939,611)	(112,606,966)	(114,231,921)	(115,707,116)	(120,252,327)	(109,436,029)	(114,177,278)	(100,859,192)	(113,167,676)
Business-type activities	8,046,488	3,024,856	3,997,618	4,438,144	1,400,062	3,321,095	5,097,594	15,742,168	942,567	253,790
Total primary government net expense	(119,023,005)	(121,914,755)	(108,609,348)	(109,793,777)	(114,307,054)	(116,931,232)	(104,338,435)	(98,435,110)	(99,916,625)	(112,913,886)

continued...

CITY OF LANSING, MICHIGAN

Change in Net Position
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	\$ 40,568,278	\$ 38,578,548	\$ 39,657,382	\$ 38,079,548	\$ 38,668,837	\$ 33,506,860	\$ 37,233,590	\$ 39,010,960	\$ 39,141,928	\$ 38,607,761
Income taxes	35,694,010	34,573,130	31,660,923	31,450,913	29,850,755	27,943,070	28,699,749	27,408,443	29,312,762	31,168,012
Unrestricted grants and contributions	38,108,544	36,532,275	36,330,976	35,677,910	31,425,718	26,441,961	27,254,574	25,847,423	27,318,313	28,180,799
Investment earnings	125,539	99,058	26,353	36,836	58,588	69,265	89,735	246,495	978,034	1,706,572
Miscellaneous	135,270	63,079	280,280	-	-	123,066	108,601	75,094	32,310	-
Transfers	(746,209)	(629,715)	(644,485)	(705,637)	(583,117)	(464,008)	(633,814)	(464,807)	(509,728)	7,420,667
Total governmental activities	<u>113,885,432</u>	<u>109,216,375</u>	<u>107,311,429</u>	<u>104,539,570</u>	<u>99,420,781</u>	<u>87,620,214</u>	<u>92,752,435</u>	<u>92,123,608</u>	<u>96,273,619</u>	<u>107,083,811</u>
Business-type activities:										
Investment earnings	-	-	17,874	246,616	356,467	271,067	689,883	141,899	413,850	1,883,034
Miscellaneous	-	3,853	-	2,600	-	(1,300,561)	21,166	-	725	5,348
Transfers	746,209	629,715	644,485	705,637	583,117	464,008	633,814	464,807	509,728	(7,420,667)
Total business-type activities	<u>746,209</u>	<u>633,568</u>	<u>662,359</u>	<u>954,853</u>	<u>939,584</u>	<u>(565,486)</u>	<u>1,344,863</u>	<u>606,706</u>	<u>924,303</u>	<u>(5,532,285)</u>
Total primary government	<u>114,631,641</u>	<u>109,849,943</u>	<u>107,973,788</u>	<u>105,494,423</u>	<u>100,360,365</u>	<u>87,054,728</u>	<u>94,097,298</u>	<u>92,730,314</u>	<u>97,197,922</u>	<u>101,551,526</u>
Changes in net position										
Governmental activities	(13,184,061)	(15,723,236)	(5,295,537)	(9,692,351)	(16,286,335)	(32,632,113)	(16,683,594)	(22,053,670)	(4,585,573)	(6,083,865)
Business-type activities	8,792,697	3,658,424	4,659,977	5,392,997	2,339,646	2,755,609	6,442,457	16,348,874	1,866,870	(5,278,495)
Total primary government	<u>\$ (4,391,364)</u>	<u>\$ (12,064,812)</u>	<u>\$ (635,560)</u>	<u>\$ (4,299,354)</u>	<u>\$ (13,946,689)</u>	<u>\$ (29,876,504)</u>	<u>\$ (10,241,137)</u>	<u>\$ (5,704,796)</u>	<u>\$ (2,718,703)</u>	<u>\$ (11,362,360)</u>

concluded

Fund Balances, Governmental Funds
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011 ⁽¹⁾	2010	2009	2008
General fund										
Nonspendable	\$ 28,342	\$ 492,549	\$ 35,424	\$ 75,738	\$ 75,738	\$ 92,538	\$ 171,586	\$ -	\$ -	\$ -
Restricted	-	-	10,044	9,400	9,400	16,256	41,129	-	-	-
Committed	385,067	428,106	837,761	2,976,408	2,976,408	65,373	178,081	-	-	-
Unassigned	15,283,857	12,407,748	9,783,911	5,633,528	5,633,528	5,198,032	4,939,691	-	-	-
Reserved	-	-	-	-	-	-	-	102,732	1,320,375	1,765,288
Unreserved	-	-	-	-	-	-	-	389,061	3,755,862	5,465,164
Total general fund	15,697,266	13,328,403	10,667,140	8,695,074	8,695,074	5,372,199	5,330,487	491,793	5,076,237	7,230,452
All other governmental funds										
Nonspendable	2,618,884	2,578,331	2,619,065	2,671,151	2,671,151	2,852,004	3,006,507	-	-	-
Restricted	4,730,012	6,934,665	6,865,580	4,368,983	4,368,983	5,566,421	7,412,008	-	-	-
Committed	10,426,961	8,427,253	7,110,485	4,035,145	4,035,145	4,109,131	4,908,740	-	-	-
Unassigned (deficit)	(411,098)	(410,252)	(528,144)	(619,931)	(619,931)	(543,774)	(371,285)	-	-	-
Reserved	-	-	-	-	-	-	-	1,177,998	324,366	365,351
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	12,029,680	13,394,485	14,716,755
Capital projects funds	-	-	-	-	-	-	-	11,614,644	12,010,219	17,862,441
Debt service funds	-	-	-	-	-	-	-	126,434	186,636	256,144
Permanent funds	-	-	-	-	-	-	-	1,649,550	1,630,098	1,609,992
Total all other governmental funds	17,364,759	17,529,997	16,066,986	10,455,348	10,455,348	11,983,782	14,955,970	26,598,306	27,545,804	34,810,683
Total all governmental funds	\$ 33,062,025	\$ 30,858,400	\$ 26,734,126	\$ 19,150,422	\$ 19,150,422	\$ 17,355,981	\$ 20,286,457	\$ 27,090,099	\$ 32,622,041	\$ 42,041,135

(1) The City implemented GASB 54 for the Fiscal Year Ended June 30, 2011. Prior years were not restated retroactively.

Changes in Fund Balances of Governmental Funds										
Last Ten Fiscal Years										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Taxes and special assessments	\$ 40,691,325	\$ 38,782,759	\$ 39,470,249	\$ 38,717,552	\$ 38,717,552	\$ 33,583,448	\$ 37,371,885	\$ 39,279,343	\$ 39,258,893	\$ 38,775,722
Income taxes	35,694,010	34,573,130	31,660,923	29,850,755	29,850,755	27,943,070	28,699,749	27,408,443	29,312,762	31,168,012
Licenses and permits	1,494,298	1,559,638	1,551,125	1,509,402	1,509,402	1,538,325	1,598,804	1,414,906	1,325,119	1,429,075
Intergovernmental	36,391,761	34,175,112	36,042,377	40,639,183	40,639,183	41,431,793	40,304,785	39,137,217	38,998,039	38,556,616
Charges for services	13,230,822	14,102,447	12,900,490	11,754,381	11,754,381	18,676,398	18,606,304	18,323,158	20,355,642	19,116,593
Fines and forfeits	2,510,945	3,455,541	3,075,427	3,694,351	3,694,351	2,884,328	3,325,728	4,579,175	4,143,000	4,090,397
Interest and rents	201,367	145,011	87,035	53,179	53,179	63,571	88,516	249,464	1,196,559	1,836,485
Contributions	21,983,270	21,663,690	21,561,449	16,247,403	16,247,403	12,369,733	11,821,388	10,606,368	10,372,056	10,894,573
Donations from private sources	-	-	-	-	-	5,000	-	9,000	44,000	326,768
Other revenue	969,317	1,190,624	1,601,497	510,515	510,515	400,074	504,856	473,123	1,054,209	331,248
Total revenues	153,167,115	149,647,952	147,950,572	142,976,721	142,976,721	138,895,740	142,322,015	141,480,197	146,060,279	146,525,489
Expenditures										
General government	23,948,368	23,386,445	21,720,206	23,595,321	23,595,321	25,038,589	26,396,516	27,839,564	28,951,805	29,209,458
Public safety	73,683,246	72,264,468	75,510,743	63,943,082	63,943,082	66,161,872	70,397,235	70,820,184	70,082,462	67,715,160
Public works	11,201,515	11,715,510	13,273,332	8,908,673	8,908,673	6,225,177	6,002,823	-	-	-
Highways and streets	10,969,516	10,838,473	10,357,488	9,937,423	9,937,423	8,589,298	8,494,233	14,506,982	14,723,311	14,860,390
Recreation and culture	7,749,245	7,719,906	7,583,085	6,629,453	6,629,453	6,996,562	7,464,193	8,127,700	8,452,768	8,038,290
Community development	4,142,612	3,442,110	3,910,924	-	-	-	-	-	-	-
Other functions	2,710,979	2,927,391	2,704,982	23,699,202	23,699,202	17,999,264	15,675,003	15,182,675	12,599,072	11,805,843
Capital outlay	9,328,278	7,221,346	21,016,808	5,489,617	5,489,617	6,466,084	9,956,103	14,781,728	14,855,863	16,228,127
Debt service:										
Interest	1,120,518	1,275,957	931,079	1,378,856	1,378,856	1,836,218	3,210,220	3,270,068	1,801,394	1,607,703
Principal	4,596,159	3,892,862	3,616,297	3,137,159	3,137,159	3,448,080	2,070,552	2,165,237	4,743,146	4,721,581
Issuance costs	-	-	-	42,744	42,744	-	48,804	-	-	-
Total expenditures	149,450,436	144,684,468	160,624,944	146,761,530	146,761,530	142,761,144	149,715,682	156,694,138	156,209,821	154,186,552
Excess of revenues over (under) expenditures	3,716,679	4,963,484	(12,674,372)	(3,784,809)	(3,784,809)	(3,865,404)	(7,393,667)	(15,213,941)	(10,149,542)	(7,661,063)
Other financing sources (uses)										
Proceeds from borrowing	-	2,090,000	16,761,300	11,932,046	11,932,046	-	2,470,000	10,146,117	-	4,052,979
Proceeds from sale of capital assets	97,255	268	110,533	497,833	497,833	1,398,936	1,210,046	689	1,587,216	-
Payment to escrow agent	-	(2,162,163)	-	(6,015,112)	(6,015,112)	-	(2,456,207)	-	-	-
Insurance proceeds	-	-	-	-	-	-	-	-	120,960	-
Transfers in	9,887,627	9,207,856	9,734,572	7,056,932	7,056,932	7,893,879	9,602,095	16,181,590	11,601,871	13,507,521
Transfers out	(11,497,936)	(10,055,346)	(10,002,772)	(1,892,449)	(1,892,449)	(8,357,887)	(10,235,909)	(16,646,397)	(12,579,599)	(12,529,754)
Bond premium	-	80,175	40,945	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,513,054)	(839,210)	16,644,578	11,579,250	11,579,250	934,928	590,025	9,681,999	730,448	5,030,746
Net change in fund balance	\$ 2,203,625	\$ 4,124,274	\$ 3,970,206	\$ 7,794,441	\$ 7,794,441	\$ (2,930,476)	\$ (6,803,642)	\$ (5,531,942)	\$ (9,419,094)	\$ (2,630,317)
Debt service as a percentage of noncapital expenditures	3.9%	3.7%	3.2%	3.2%	3.2%	3.8%	3.7%	3.9%	4.5%	4.6%

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Developmental Property	Personal Property Valuation	Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2008	\$ 1,437,051,392	\$765,233,437	\$ 192,915,386	\$ -	\$ -	\$ 223,995,750	\$ 2,619,195,965	15.83	\$ 5,238,391,930	50.0%
2009	1,479,089,611	719,463,319	254,539,254	-	-	205,034,000	2,658,126,184	15.83	5,316,252,368	50.0%
2010	1,480,467,389	713,807,797	248,288,931	-	-	220,228,175	2,662,792,292	15.70	5,325,584,584	50.0%
2011	1,407,920,589	624,406,132	215,099,428	-	-	199,543,400	2,446,969,549	15.70	4,595,182,662	53.3%
2012	1,387,390,250	639,535,400	87,432,000	-	-	183,233,681	2,297,591,331	15.70	4,177,384,562	55.0%
2013	1,232,109,181	587,002,900	86,884,400	151,900	-	182,543,900	2,088,692,281	19.70	4,177,384,562	50.0%
2014	1,152,931,800	580,539,700	85,938,200	151,900	2,900	182,024,000	2,001,588,500	19.70	4,002,817,000	50.0%
2015	1,144,848,592	602,472,030	155,934,800	158,100	2,900	183,420,400	2,086,836,822	19.70	4,173,673,644	50.0%
2016	1,162,708,909	643,816,600	162,544,200	175,600	2,900	196,143,891	2,165,392,100	19.70	4,330,784,200	50.0%
2017	1,212,816,985	691,032,435	175,090,600	172,500	2,900	157,759,500	2,236,874,920	19.70	4,473,749,840	50.0%

Source: Lansing City Assessor

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal Year Ended June 30,	City Direct Rates				Overlapping Rates					Total
	Tax Year	Operating Millage	Service Millage	City Millage	County Millage	School Millage ⁽¹⁾	State Education	College Millage	Other Millage ⁽²⁾	
2008	2007	14.95	.88	15.83	8.73	20.18	6.00	3.81	8.15	62.70
2009	2008	15.01	.82	15.83	8.87	20.15	6.00	3.81	9.04	63.70
2010	2009	15.44	.26	15.70	8.85	19.95	6.00	3.81	9.93	64.24
2011	2010	15.44	.26	15.70	8.84	19.95	6.00	3.81	9.93	64.23
2012	2011	15.44	.26	15.70	8.85	21.44	6.00	3.81	9.96	65.76
2013	2012	19.44	.26	19.70	9.49	21.73	6.00	3.81	9.96	70.68
2014	2013	19.44	.26	19.70	9.50	21.91	6.00	3.81	9.96	70.88
2015	2014	19.44	.26	19.70	10.20	21.77	6.00	3.81	9.96	71.44
2016	2015	19.44	.26	19.70	9.83	21.83	6.00	3.81	9.96	71.12
2017	2016	19.44	.26	19.70	10.06	22.57	6.00	3.81	9.96	72.10

(1) rates for Lansing School District only

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

Source: Lansing City Treasurer

Profile of Ten Largest Ad Valorem Taxpayers
 Current Year and Nine Years Ago

Taxpayer	2017			2008		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
General Motors Corp.	\$ 47,549,243	1	2.13%	\$ 134,702,101	1	5.11%
Jackson National Life Insurance Company	45,936,293	2	2.05%	36,738,583	2	1.26%
Consumers Energy	32,123,801	3	1.44%	22,168,948	4	0.85%
Phoenix Development Part I LLC	25,458,523	4	1.14%			
Lansing Retail Center LLC	11,423,364	5	0.51%	13,441,453	7	0.51%
Lansing Properties LLC	9,944,400	6	0.44%			
Emergent Biodefense Operations	9,889,697	7	0.44%			
Eyde Knapp Development LLC	8,035,645	8	0.36%			
Edward Rose Realty, Inc.	6,998,978	9	0.31%			
Demmer Corporation	6,647,001	10	0.30%			
Delta Township Utilities				22,415,570	3	0.86%
Michigan Strategic Fund				19,115,527	5	0.73%
Accident Fund Company				14,467,925	6	0.55%
Trappers Cove LTD Partners				12,854,463	8	0.49%
Sprint Spectrum L.P.				10,693,700	9	0.41%
Heart of the City LLC				10,527,474	10	0.40%

Data furnished from City of Lansing Assessor

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collection	Total Collections to Date	
		Current Tax Collection	Percent of Levy Collected		Total Tax Collection	Collections as a Percent of Levy
2008	\$ 44,286,657	\$ 44,125,517	99.64%	\$ 144,587	\$ 44,270,104	99.96%
2009	45,567,556	45,468,639	99.78%	72,779	45,541,418	99.94%
2010	44,997,919	44,844,495	99.66%	33,012	44,877,507	99.73%
2011	41,460,916	41,375,354	99.79%	24,416	41,399,770	99.85%
2012	39,948,762	39,863,393	99.79%	19,647	39,883,040	99.84%
2013	40,450,767	39,716,932	98.19%	55,532	39,772,464	98.32%
2014	39,336,952	39,238,902	99.75%	20,866	39,259,768	99.80%
2015	38,329,032	38,258,272	99.82%	49,590	39,259,768	102.43%
2016	38,538,226	38,461,152	99.80%	52,758	38,307,862	99.40%
2017	38,431,072	38,370,929	99.84%	50,344	38,421,273	99.97%

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

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

Source: City of Lansing Treasurer

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita	Population ⁽¹⁾
	General Obligation Bonds	Special Assessment Debt	Installment Purchase Agreements	Loans	General Obligation Bonds	Revenue Bonds	Lease Purchases	Loans				
2008	\$ 20,914,466	\$ -	\$ 14,037,885	\$ 1,534,822	\$ 175,578,524	\$ 41,921,307	\$ -	\$ 4,180,000	\$ 258,167,004	12.13% ⁽²⁾	\$ 2,168	119,100
2009	17,899,203	-	12,394,082	1,290,479	189,210,199	39,045,570	-	4,180,000	264,019,533	12.41% ⁽²⁾	2,217	119,100
2010	26,329,157	-	10,925,689	1,038,804	199,063,758	36,122,872	-	4,180,000	277,660,280	13.05% ⁽²⁾	2,331	119,100
2011	27,804,224	-	9,564,693	779,580	197,000,901	33,209,092	-	1,574,209	269,932,699	12.17% ⁽²⁾	2,362	114,297
2012	25,816,914	-	8,193,615	512,577	189,536,530	30,135,311	-	1,637,177	255,832,124	11.32% ⁽³⁾	2,238	114,297
2013	29,994,604	-	2,807,838	6,246,743	180,359,931	27,528,327	-	1,702,664	248,640,107	11.01% ⁽³⁾	2,175	114,298
2014	27,180,294	-	3,100,563	7,062,234	174,471,861	24,055,438	1,668,081	-	237,538,471	10.69% ⁽³⁾	2,078	114,298
2015	27,790,281	-	16,387,327	7,872,600	167,787,460	19,445,482	1,459,431	-	240,742,581	10.83% ⁽³⁾	2,106	114,297
2016	21,968,330	-	15,268,317	7,872,600	154,303,563	20,671,135	1,246,673	-	221,330,618	9.88% ⁽³⁾	1,924	115,056
2017	18,080,040	-	13,757,531	7,728,428	143,761,916	18,982,246	1,029,723	-	203,339,884	8.63% ⁽³⁾	1,753	116,020

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

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

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

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population ⁽¹⁾	Taxable Value ⁽³⁾	Gross Bonded Debt ⁽²⁾	Debt Service Monies Available	Debt Payable From Restricted Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Value	Net Bonded Debt per Capita
2008	119,100	\$ 2,619,195,965	\$ 196,492,990	\$ 256,144	\$ 184,442,624	\$ 11,794,222	0.0045	99
2009	119,100	2,658,126,184	207,109,402	186,636	197,225,199	9,697,567	0.0036	81
2010	119,100	2,662,792,292	225,392,915	126,434	206,198,758	19,067,723	0.0072	160
2011	114,297	2,446,969,549	224,805,125	46,029	203,225,901	21,533,195	0.0088	188
2012	114,297	2,297,591,331	215,353,444	-	194,911,530	20,441,914	0.0089	179
2013	114,298	2,088,692,281	210,354,535	178	184,849,931	25,504,427	0.0122	223
2014	114,298	2,001,588,500	201,652,155	-	178,031,861	23,620,294	0.0118	207
2015	114,297	2,086,836,822	195,577,741	1,000	170,372,460	25,204,281	0.0121	221
2016	115,056	2,165,392,100	176,271,893	1,000	155,873,563	20,397,330	0.0094	177
2017	116,020	2,236,874,920	161,841,956	1,000	144,271,916	17,569,040	0.0079	151

⁽¹⁾ Source: 2000 and 2010 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

Direct and Overlapping Governmental Activities Debt
As of June 30, 2017

Name of Governmental Unit	Net General Obligation	% Applicable to City	Amount
	Debt Outstanding		Applicable to City
Net direct - City	\$ 39,565,999	100.00%	<u>\$ 39,565,999</u>
Share of County-issued bonds			
Joint Building Authority	1,098,540	100.00%	1,098,540
Drain Commission	1,212,555	100.00%	<u>1,212,555</u>
			<u>\$ 2,311,095</u>
Overlapping debt			
Eaton Intermediate School District	\$ 350,000	0.58%	\$ 2,730
Ingham Intermediate School District	1,503,000	22.81%	329,007
Waverly School District	22,670,000	0.22%	54,408
Lansing School District	79,105,000	81.04%	63,291,911
East Lansing School District	92,248,377	3.74%	4,243,425
Holt School District	59,384,839	2.38%	1,401,482
Ingham County	44,665,716	26.07%	11,354,025
Eaton County	24,927,354	1.60%	446,200
Clinton County	601,299	0.28%	1,684
Lansing Community College	62,010,000	18.82%	11,254,815
Okemos School District	13,704,098	2.76%	471,421
Mason School District	9,780,000	0.35%	278,730
Grand Ledge School District	43,145,000	1.22%	<u>686,006</u>
Total overlapping debt			<u>93,815,844</u>
Total direct and overlapping debt			<u>\$ 135,692,938</u>

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

Source: Municipal Advisory Council of Michigan

Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value, real and personal property		\$ 2,236,874,920
Legal debt margin		
Debt limitation - 10 percent of total valuation		<u>223,687,492</u>
Debt applicable to limit		
Total City Bonded Debt		180,824,202
City Share:		
Drain Commission-County Issued		1,212,555
Joint Building Authority-County Issued		1,098,540
TIF Supported Bonds		15,924,214
Lansing Board of Water and Light		<u>307,844,992</u>
		<u>506,904,503</u>
Less:		
Michigan Transportation (MTF) Bonds	\$ (510,000)	
Sewage Disposal Revenue Bonds	(321,139,992)	
Pollution Abatement (CSO Project) Bonds	(101,545,116)	
Share of County-issued bonds	(2,311,095)	<u>(425,506,203)</u>
Total net debt applicable to limit		<u>81,398,300</u>
Legal debt margin		<u>\$ 142,289,192</u>

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limit	\$ 223,687,492	\$ 216,539,210	\$ 208,683,682	\$ 205,138,999	\$ 208,869,228	\$ 233,669,637	\$ 268,975,768	\$ 298,052,683	\$ 298,581,799	\$ 318,810,868
Total net debt applicable to limit	<u>81,398,300</u>	<u>86,432,459</u>	<u>91,352,614</u>	<u>93,062,835</u>	<u>91,833,157</u>	<u>92,357,575</u>	<u>100,923,863</u>	<u>98,368,804</u>	<u>79,513,756</u>	<u>87,966,365</u>
Legal debt margin	<u>\$ 142,289,192</u>	<u>\$ 130,106,751</u>	<u>\$ 117,331,068</u>	<u>\$ 112,076,164</u>	<u>\$ 117,036,071</u>	<u>\$ 141,312,062</u>	<u>\$ 168,051,905</u>	<u>\$ 199,683,880</u>	<u>\$ 219,068,043</u>	<u>\$ 230,844,503</u>
Total net debt applicable to the limit as a percentage of debt limit	36.39%	39.92%	43.78%	45.37%	43.97%	39.52%	37.52%	33.00%	26.63%	27.59%

Pledged-Revenue Coverage
Last Ten Fiscal Years

Sewage Disposal Bonds							
	Gross Revenue	Direct Operating Expenses ⁽¹⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage ⁽²⁾
				Principal	Interest	Total	
2008	\$ 29,356,299	\$ 15,997,449	\$ 13,358,850	\$ 2,830,000	\$ 2,002,400	\$ 4,832,400	2.76
2009	27,759,684	14,206,961	13,552,723	2,840,000	1,900,000	4,740,000	2.86
2010	28,613,004	12,358,472	16,254,532	2,840,000	1,803,425	4,643,425	3.50
2011	29,865,648	12,616,100	17,249,548	2,925,000	1,621,221	4,546,221	3.79
2012	30,178,511	12,562,663	17,615,848	3,040,000	1,448,856	4,488,856	3.92
2013	31,169,428	12,112,994	19,056,434	3,160,000	1,111,390	4,271,390	4.46
2014	31,996,794	13,424,901	18,571,893	3,265,000	1,054,878	4,319,878	4.30
2015	31,945,082	13,295,574	18,649,508	1,490,000	920,788	2,410,788	7.74
2016	32,676,182	14,066,527	18,609,655	1,550,000	861,188	2,411,188	7.72
2017	35,053,701	13,843,649	21,210,052	1,550,000	799,188	2,349,188	9.03

⁽¹⁾ Operating expenses less depreciation

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

Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population ⁽¹⁾	Personal Income	Per capita Personal Income ⁽¹⁾	Median Age ⁽¹⁾	Lansing School District Enrollment ⁽²⁾	Unemployment % Rate ⁽³⁾	Labor Force ⁽³⁾
2008	119,100	\$ 2,129,036,285	\$ 17,876	32.68	14,475	10.2%	65,833
2009	119,100	2,128,321,923	17,870	32.84	14,482	16.2%	66,822
2010	119,100	2,127,607,561	17,864	32.92	14,098	15.0%	64,074
2011	114,297	2,218,276,176	19,408	30.40	13,465	13.1%	63,130
2012	114,297	2,259,194,502	19,766	32.40	13,236	11.3%	63,374
2013	114,298	2,259,214,268	19,766	32.20	12,544	11.9%	63,181
2014	114,298	2,221,953,120	19,440	32.00	12,088	9.1%	63,102
2015	114,297	2,221,933,680	19,440	32.10	11,587	7.4%	57,432
2016	115,056	2,240,255,376	19,471	32.10	11,112	6.0%	57,633
2017	116,020	2,356,830,280	20,314	32.00	10,962	6.5%	56,668

(1) Source: U.S. Census Bureau

(2) Source: Lansing School District

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

Principal Employers

Current Year and Nine Years Ago

Employer	2017			2008		
	Employees ⁽¹⁾	Rank	Percentage of Total City Employment ⁽²⁾	Employees ⁽¹⁾	Rank	Percentage of Total City Employment
State of Michigan	13,700	1	5.83%	14,355	1	6.52%
Michigan State University	10,725	2	4.56%	10,500	2	4.77%
Liberty National Life Insurance	10,000	3	4.25%			
Sparrow Health System	6,000	4	2.55%	6,000	4	2.72%
General Motors	5,027	5	2.14%	6,300	3	2.86%
Auto Owners Insurance	3,400	6	1.45%	1,500	9	0.68%
Meijer	3,000	7	1.28%	2,000	8	0.91%
McClaren Greater Lansing	2,500	8	1.06%	2,500	6	1.13%
Lansing Community College	2,143	9	0.91%	3,180	5	1.44%
John Henry Company	2,100	10	0.89%			
Lansing School District	1,553	11	0.66%	2,106	7	0.96%
Peckham, Inc.				1,400	10	0.64%
Greater Lansing metropolitan area employment			235,066			

(1) Data is representative of the Greater Lansing Region

(2) Source: Michigan Department of Career Development: Employment Service Agency - Labor Market Information

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CITY OF LANSING, MICHIGAN

Full-time Equivalent City Governmental Employees by Function/Program Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014	2013	2012
General government						
City council	10	10	10	10	10	10
Mayor's office	6	6	5	5	5	5
City clerk	5	5	5	5	5	5
54-A district court	45	45	46	43	43	48
City attorney's office	11	11	11	10	10	10
City TV	2	2	2	2	2	2
Internal auditor	1	1	1	1	1	1
Human resources	12	12	10	10	9	9
Information technology	11	11	11	11	10	10
Finance						
Accounting/budget/purchasing	8 ⁽⁹⁾	8 ⁽⁹⁾	9	10	10	13
Treasury/income tax	11	10	9	9	20	10
Assessing	11	11	11	11		11
Property management	-	-	-	-	- ⁽⁶⁾	18
Fleet management	-	-	-	-	- ⁽⁶⁾	27
	<u>30</u>	<u>29</u>	<u>29</u>	<u>30</u>	<u>30</u>	<u>79</u>
Planning & neighborhood development						
Administration	2	2	2	2	2	2
Code compliance	-	-	-	- ⁽⁸⁾	15	15
Building safety	13	13	13	13	12	13
Planning	4	4	4	4	4	4
Development	9	10	10	11	9	9
Parking & transportation	14	14	14	15	20	20
	<u>42</u>	<u>43</u>	<u>43</u>	<u>45</u>	<u>62</u>	<u>63</u>
Police						
	<u>240</u>	<u>239</u>	<u>239</u>	<u>234</u> ⁽⁸⁾	<u>229</u> ⁽⁷⁾	<u>260</u>
Fire						
	181	181	181	188	180	179
Code compliance	14	14	14	14 ⁽⁸⁾		
	<u>195</u>	<u>195</u>	<u>195</u>	<u>202</u>	<u>180</u>	<u>179</u>
Public services						
				-		
Administration & engineering	20	20	19	19	19	21
Operations & maintenance	117	117	117	117 ⁽⁸⁾	120	121
Service garage	-	-	-	-	-	-
Wastewater	41	41	41	41	41	41
Property Management	16	18	18	18	18 ⁽⁶⁾	
Fleet Management	30	26	27	27	27 ⁽⁶⁾	
	<u>224</u>	<u>222</u>	<u>222</u>	<u>222</u>	<u>225</u>	<u>183</u>
Human relations & community services						
	<u>8</u>	<u>7</u>	<u>7</u>	<u>6</u>	<u>5</u>	<u>5</u>

Table 16 - Unaudited

2011	2010	2009	2008
11	11	11	11
5	5	5	5
6	7	7	7
50	53	53	53
11	12	12	12
2	2	2	2
1	1	1	1
11	12	13	14
14	15	17	18
14	16	17	16
11	12	13	13
11	12	12	13
20	21	23	24
29	30	31	33
<u>85</u>	<u>91</u>	<u>96</u>	<u>99</u>
2	2	2	2
16	16	16	17
15	15	15	15
5	5	4	5
9	9	10	10
20 ⁽⁵⁾	40	41	41
<u>66</u>	<u>87</u>	<u>88</u>	<u>90</u>
<u>327</u>	<u>344</u>	<u>342</u>	<u>341</u>
207	218	219	219
<u>207</u>	<u>218</u>	<u>219</u>	<u>219</u>
21	17	18	18
135 ⁽⁵⁾	110	113	113
-	-	-	-
41	44	50	50
<u>197</u>	<u>171</u>	<u>181</u>	<u>181</u>
<u>5</u>	<u>5</u>	<u>6</u>	<u>8</u>

continued...

CITY OF LANSING, MICHIGAN

Full-time Equivalent City Governmental Employees by Function/Program Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014	2013	2012
Parks & recreation						
Administration & design	6	6	6	6	5	5
Grounds & forestry	-	-	-	-	-	-
Leisure & special recreation	6	6	6	6	8	10
Cemeteries	1	1	1	1	1	1
Golf/ice arena	3	3	3	3	3	3
Zoo	-	-	-	-	-	-
	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>17</u>	<u>19</u>
	<u>858</u>	<u>854</u>	<u>852</u>	<u>852</u>	<u>843</u>	<u>888</u>

Source: The City of Lansing, Michigan

In FY 2007, the following restructuring of departments occurred:

- (1) A payroll position was transferred from Finance to Human Resources
- (2) Operations of the City's three fleet garages was consolidated in Finance
- (3) Four custodial positions were transferred from Parks & Recreation to Finance
- (4) On July 1, 2007, Potter Park Zoo employees were transferred to Ingham County

In FY 2011, the following restructuring of departments occurred:

- (5) Grounds Maintenance positions were moved from Parks & Recreation and Planning & Neighborhood Development and consolidated with Public Service staff

In FY 2013, the following restructuring of departments occurred:

- (6) Fleet and Property Management were moved from the Finance Department to the Public Service Department
- (7) On June 27, 2012, 911 Dispatch employees were transferred from the City to Ingham County

In FY 2014, the following restructuring of a department occurred:

- (8) Fourteen positions are transferred from PND to Fire; four to Police, and one to Public Service.

In FY 2016, the following restructuring of a department occurred:

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



2011	2010	2009	2008
5	7	7	8
- (5)	27	31	32
12	15	19	17
1	3	4	4
4	4	4	4
-	-	-	-
<u>22</u>	<u>56</u>	<u>65</u>	<u>65</u>
<u>1,020</u>	<u>1,090</u>	<u>1,118</u>	<u>1,126</u>

concluded

Operating Indicators by Function/Program Last Ten Fiscal Years										
Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public safety										
Fire department responses	21,902	21,115	20,170	19,427	18,444	17,093	16,974	16,659	15,852	15,780
EMS related	18,827	18,275	17,376	16,235	15,918	14,851	14,628	14,398	13,447	13,151
Fire related	3,075	2,840	2,794	3,012	2,526	2,242	2,346	2,261	2,405	2,629
Police department responses	82,722	71,468	79,331	76,855	73,087	74,058	78,112	87,724	89,958	87,634
Arrests	5,710	3,880	4,510	5,656	7,196	8,043	8,858	11,644	11,559	12,810
Traffic violations	9,385	7,334	10,781	7,756	14,905	8,829	15,585	18,297	20,122	25,398
Public works										
Potholes filled	53,332	53,488	53,281	55,193	33,155	30,116	32,918	24,945	43,601	40,790
Streets resurfaced (miles)	9	9	4	4.60	6.00	5.01	8.99	20.70	16.20	20.92
Recreation										
Recreation participation	98,978	101,335	122,639	50,859	55,122	66,836	66,254	70,529	39,060	37,783 ⁽¹⁾
Pavilion rentals	180	242	206	185	199	198	161	288	315	341
Sewage disposal										
Average amount processed daily (gal)	16.32 million	15.46 million	13.28 million	14.49 million	14.75 million	12.82 million	12.83 million	15.01 million	18.15 million	16.73 million
Parking system										
Average number of monthly permit	2,581	3,218	3,077	2,891	2,718	2,735	3,122	3,480	3,783	4,059
Parking tickets issued	33,492	32,990	30,888	34,373	38,127	41,829	45,176	63,610	66,183	57,153
Cemetery										
Lots sold	162	115	138	93	113	115	143	142	119	98
Golf										
Annual rounds played	14,508 ⁽³⁾	13,325 ⁽³⁾	22,998	22,786	25,554	28,560	26,084	30,936	41,588 ⁽²⁾	43,605 ⁽²⁾
Garbage and rubbish										
Yards sent to landfill	20,007	20,115	19,667	18,829	17,985	18,705	20,334	21,805	29,322	29,869
Recycling										
Recycled goods sold (tons)	5,834	5,940	5,691	5,075	3,562	3,149	2,446	2,163	2,591	2,818
Yards composted	24,223	24,413	21,685	25,260	21,832	20,413	15,725	21,819	21,871	21,928

Source: The City of Lansing, Michigan

⁽¹⁾ The addition of the Southside Community Center, with a pool, resulted in a large increase in recreation participation in FY 2010

⁽²⁾ Two golf course were closed in FY 2008 with one of those being converted to a driving range

⁽³⁾ Groesbeck golf course was closed due to during the months of May - June, 2016 for stormwater management course alterations.

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CITY OF LANSING, MICHIGAN

Capital Assets Statistics by Function/Program Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014	2013	2012
Public safety						
Police stations	2	2	2	2	2	2
Police patrol units	60	60	60	61	60	60
Fire stations	6	6	6	6	6	6
Public works						
Streets (miles)	414.00	414.00	414.00	411.00	411.00	407.80
Traffic signals	200	200	200	200	204	204
Recreation						
Park acreage	2,134.26	2,134.26	2,363.45	2,364.85	2,364.85	2,434.88
Playgrounds	74	74	72	72	75	73
Baseball/softball fields	25	25	47	61	61	61
Soccer/football fields	15	14	6	6	6	6
Community centers	4	4	4	4	4	4
Sewage disposal						
Sanitary sewers (miles)	361	361	361	359	359	359
Storm sewers (miles)	235	235	235	234	234	234
Combined sewers (miles)	188	188	188	188	188	188
Parking system						
Ramps	4	4	4	4	4	4
Lots	16	16	17	17	18	15
Meters	2,166	2,166	2,166	2,452	2,452	2,452
Cemetery						
Number of cemeteries	3	3	3	3	3	3
Golf						
Number of courses	1	1	1	1	1	1
Acreage	115	115	115	115	115	115
Garbage and rubbish						
Refuse collection trucks	14	14	17	17	17	19
Recycling						
Recycling trucks	5	5	7	7	7	7
Potter park zoo						
Number of animals	N/A	N/A	N/A	N/A	N/A	N/A

Source: The City of Lansing, Michigan

(1) Zoo operations were transferred to Ingham County in 2008

(2) Two municipal golf courses were non-operational beginning in 2008

Table 18 - Unaudited



2011	2010	2009	2008
3	3	3	3
58	61	61	58
8	9	9	9
410.80	410.63	410.15	410.15
208	203	196	203
2,422.63	2,422.63	2,422.63	2,422.63
71	71	82	82
61	61	61	61
6	6	6	6
4	4	4	4
359	357	354	347.4
234	233	230	225.1
188	191	192	197.4
4	4	4	6
15	16	16	15
2,452	2,493	2,493	2,489
3	3	3	3
1	1	1	1 ⁽²⁾
115	115	115	115 ⁽²⁾
22	18	16	21
9	10	10	10
N/A	N/A	N/A	N/A ⁽¹⁾