MINUTES
Committee of the Whole
Monday, February 4, 2013 – 6:30 p.m.
Tenth Floor Conference Room – Lansing City Hall

CALLL TO ORDER

The meeting called to order at 6:30 p.m.

ROLL CALL

Councilmember Carol Wood, Chair
Councilmember A'Lynne Boles Robinson, Vice Chair
Councilmember Derrick Quinney
Councilmember Jessica Yorko – 6:33 p.m.
Councilmember Kathie Dunbar– 6:31 p.m.
Councilmember Brian Jeffries
Councilmember Jody Washington
Councilmember Tina Houghton – 6:31 p.m.

OTHERS PRESENT

Diana Bitely, Council Staff
Randy Hannan, Executive Assistant
Don Kulhanek, Interim City Attorney
Angela Bennett, Finance Director
Stephen Bland, Rehman Robson
David Hollister, Mayor's Financial Health Team
Bob Emerson, Mayor's Financial Health Team
Cassie Alley, Citizen
Stan Shuck, Citizen
Kathi Raffone, Citizen
Mike Mercer, Citizen
Angela Wittrock, MLive
Andy Balaskowitz, City Pulse
Mr. Bentz, Citizen

APPROVAL OF MINUTES

COUNCILMEMBER BOLES ROBINSON MADE A MOTION TO APPROVE THE MINUTES OF THE JANUARY 14, 2013 COMMITTEE MEETING, AS SUBMITTED. MOTION CARRIED, 5-0.

PUBLIC COMMENT ON AGENDA ITEMS

Mr. Shuck spoke on the Mayor's State of the City speech with regard to keeping local talent and knowledge in Lansing. He reiterated that when the Seasonal employees returned, it took fourteen days for the city employees to do what the contractor's took forty-five days to mow. He spoke on the Financial Health team and questioned how many live in the city. The condition of the city reflects the reduction in staff and he has never seen it in such dire straits.

Ms. Raffone requested that when Council reviews the budget, it consider eliminating the $25,000 salary for the Faith Based Initiative department and position. She feels that there are better uses for these funds.

Mr. Mercer spoke on the reduction in Council meetings each year.

DISCUSSION/ACTION

Appointment of Cassie Alley to the Elected Officer's Compensation Commission for a Term to Expire September 1, 2017

Ms. Alley reported that she recently retired from the Lansing Police Department. She has enjoyed being able to have some time off, but would like to devote some of her free time to giving back to the community.

Council Vice President Boles Robinson questioned if she has served on any other city boards.

Ms. Alley indicated that she has not.

COUNCILMEMBER JEFFRIES MADE A MOTION TO CONFIRM THE APPOINTMENT OF CASSIE ALLEY TO THE ELECTED OFFICER'S COMPENSATION COMMISSION FOR A TERM TO EXPIRE SEPTEMBER 1, 2017. MOTION CARRIED, 8-0.

Update from the Financial Health Team

Mr. Hollister reported that they felt there was a good response to the last public hearing that was held. We have come to the conclusion that this is a structural issue and requires a long-term plan. We will propose specific actions that the City, Council, and Mayor can take to meet its obligation for a balanced budget. We will focus on fundamental change and restructuring. It will not be easy. We are volunteers who have a stake in the city, living or doing business in the City. Current budget is less than it was 10 years ago, staff has been reduced 30%, employees have taken concessions including furlough days, increased contribution to health and life insurances. You have sold assets, closed golf courses, fire stations, and maintained a rainy day fund. Yet, it is a well-balanced city that has a $9 million deficit. There are certain arrows that determine the fate of the city. One is population; Lansing has seen a drastic decline. Housing is down. We are seeing some early signs of property values increase, but Proposal A and the Headlee Act is stalling that progress. State shared revenues are down, personal income has increased modestly, but it is too small to impact the city's finances. Healthcare, retirement, and infrastructure costs, contribute to a growing consensus that the system is broken. He believes that the gas tax must be changed as it is no longer working. He spoke on the Gerald R. Ford School of Public Policy on local leaders. The recommendations will call for drastic and painful structural changes necessary to avoid coming back again next year with the same deficit issues.

Mr. Emerson explained that he works with the emergency manager of Flint each Friday to assist with their financial issues. He encouraged the Council to work with the Mayor and the Municipal League as the Financial Health Team will recommend in March, to fix this "broken funding model" that will continue to lead the city into annual deficits. Along with a decline in revenues, as everyone knows, expenses are increasing and additional contributions will be needed in retirement to make up for the "bad" years. We are struggling with how to continue to provide service to the citizens of Lansing, while still meeting the obligations of those who provided that service over the years.

Councilmember Wood requested Mr. Hollister review some of the changes that were mentioned within the study by the Ford School of Public Policy.

Mr. Hollister stated that the public funding was established first in the 1850's and re-worked in the 1950's where it has remained under the same funding model. It is 63 years since the funding model has changed.

Councilmember Washington questioned if it was more an urban than a rural problem.

Mr. Hollister indicated that it is because of the amount of infrastructure requiring maintenance within the urban areas. Much of it has been put on the back-burner due to the costs for repair. All of the core urban centers in most cities are facing this kind of structural deficit that threatens their long-term viability.

Councilmember Quinney questioned privatization. The media has been touting recommendations as coming from the Health Team to privatize some of the services currently done by city employees.

Mr. Hollister stated that they are not in a position today to speak on the recommendations. He will acknowledge that outsourcing is being considered as well as in-sourcing.

Councilmember Quinney commented that the cooperation of former Mayor Hollister's time have faded into the past and he would like to see that kind of cooperation return.

Mr. Hollister stated that they did a survey of three counties and was surprised how willing the responders were to look at regional cooperation as a solution to some of the financial issues. They are considering some service sharing roles like the current one with the East Lansing Fire Chief who also serves as Lansing's Fire Chief. It requires a lot of work to keep that spirit of collaboration and shared sacrifice in service going in a successful way.

Council Vice President Boles Robinson spoke on the comparison to Pontiac and the size of their staff which moved from 500 down to 50. How was that accomplished? What is left when you reduce that much.

Mr. Hollister stated that it was done with the Emergency Manager; the services were simply outsourced. The current employees are primarily doing contract work in managing the outsourced contracts.

Councilmember Yorko commented on the possibility of other municipalities will be bankrupted. There is a role for the city to get more involved in decisions that are made at the Capitol that affect our budget.

Councilmember Quinney emphasized his concern regarding reducing staff further than it has already been. He does not see how so drastically reducing staff will be helpful. He would like to see an emphasis of increasing revenues and increasing jobs.

Mr. Hollister stated that this is fixable and it can be done more sensibly. It is going to require sacrifices from everyone. He encouraged the Council to reach out and work with other entities.

Councilmember Jeffries questioned if there recommendations would be available to the Mayor at the beginning of March. When would this be available to Council?

Mr. Hollister stated that it would be available to Council when the budget is presented.

<u>Review of the City's Annual Audit Report</u>

There are two funds do to new accounting standards that are combined with the General Fund: Budget Stabilization and Stadium Fund which had been reported separated before. . They are kept separate internally. We have an overall fund balance increase of $42,000 in the General Fund activity. No amounts were transferred from the Budget Stabilization Fund as part of the 2011/2012 Fiscal Year.

Forfeiture revenues are always difficult to determine when we will receive those funds. City refuse fund had a positive balance but lower revenues than anticipated.

Mr. Bland provided a brief overview of the audit process. The total capital assets are approximately $163,723,249, with about $20,000 in restricted assets which are tied up in the long-term capital assets. There is a substantial deficit of $33,557,676 representing long-term liabilities that the City will use future resources for, so you have obligations for retirement, healthcare, and accumulated sick and vacation time due to employees upon leaving the city. It is a comparison of resources today versus what will need to be paid out in the future. The GASB has officially passed guidelines that will change the way the statement of assets looks in the future, taking the entire un-funded pension liability and adding that to the deficit. It would be another $20,000,000 that is not reflected under the current document but will become part of the report in the next two years. This is just the view of the future, but if you look on page 34 of the audit report, this view shows a more short-term view of the city's budget taking out the long-term liabilities and changes that deficit to a positive.

Mr. Bland explained that there are four kinds of funds within the city's budget structure:

- Non-spendable – restricted (inventory)
- Restricted – purpose driven (grants)

- Committed – city dedicated dollars
- Unassigned – budget stabilization and usable dollars

Councilmember Jeffries questioned how the year-end budget deficit and the appropriation fit into this?

Ms. Bennett stated that in May there was a budget amendment and we thought that we might need to dip into reserves, but that did not happen. This includes revenues from the sale of the parking lot. We ended the year with a $42,000 addition to our fund balance. It was the possibility of using $600,000 of budget stabilization funds (which we did not use). We did use the $1.2 million, from the sale of assets.

Council President Wood questioned the Brownfield Authority and the funds we have in this portion. There appears to be a deficit in the Brownfield Authority.

Ms. Bennett you will see this also in the TIFA. Both of these include the long-term liabilities so while on a short-term basis they do not have negative amounts, they do in the long-term. There is a separate report for the Brownfield and for the TIFA that she did not bring with her this evening. $625,000 unassigned fund balance for the Brownfield.

Vice President Boles Robinson questioned if there was a transfer into the Brownfield and is that what caused a positive balance?

Ms. Bennett indicated that there is a loan between the city and the Brownfield Fund of $230,000 to Brownfield, which will be repaid. In the long-term, no matter what, there will be a negative number because of the liabilities.

Councilmember Quinney questioned the window of the long-term.

Ms. Bennett explained that the short-term shows the next year, and the long-term goes out until the debt is paid.

Councilmember Jeffries questioned if there would be another loan next year. Did this have to do with the Boys Training School?

Ms. Bennett stated that it will be paid off in approximately three years and is directly related to the Boys Training School.

Councilmember Dunbar questioned the long-term outstanding debt and where the TIFA and Brownfield are addressed?

Mr. Bland stated that legally the TIFA and Brownfield are separate entities from the City and are listed separately.

Councilmember Wood questioned if the City had to make any payments into the TIFA.

Ms. Bennett responded that no payments would be made until 2014 and we are projecting about $1.5 - $2 million in funding to the Brownfield in 2014.

Councilmember Jeffries questioned the “Business type activities” and the deficits in the parking, cemetery, and golf. Are those projected to continue as deficits?

Ms. Bennett explained that this takes the charges that are charged directly for those services and netting directly against the revenues. When you look at the total column, it does not take into account some other revenues that do not show here. On page 30, you will see some revenues that should be applied to the negative number. These are charges for services. If you have an operation, like the wastewater fee, where you have user fees, there is a direct correlation between the source and the revenues. There are other non-operational revenues that are not applied on this page.

Councilmember Jeffries questioned the $810,000 in charges, the revenues of $390,000 leaving $420,000. Where does that $420,000 come from?

Transfer from the General Fund, reflected on page 30. Page 137 shows the results of the golf fund and you can see there is a transfer of $400,000.

If they are in the deficit, is it fair to say that there were other monies applied to offset? If these were enterprise funds, then there would have to been subsidies?

Ms. Bennett confirmed that it would. We look at the overall sources and expenses of the fund.

Council Vice President Boles Robinson questioned that there were findings in the past due to the audit, where are the findings for this year's audit?

Councilmember Jeffries questioned the fees and deferred loans with regard to ambulance fees; is it that the fees are too low or that we are not collecting for the charges?

Mr. Bland explained that there is a delay in collections, such that it would be a long time before those dollars are collected.

Ms. Bennett stated that it is a conversion only at this point. In our budget discussions, we will talk about what our services will generate in revenues.

Mr. Bland commented on the estimates of collectable or uncollectable monies. There is an evaluation of about $1.6 million in collections that may or may not be recouped. When testing the city's receivables, we look at the lag for collection and when the city makes the decision on if a collectable will not likely ever be collected.

Councilmember Houghton questioned the past collections, if 2011 was better for collections than 2012 has been so far.

Mr. Bland stated that he would have to pull last year's report.

Council Vice President Boles Robinson requested an outline of what our short-term and long-term.

Ms. Bennett stated that the short-term should be viewed as one year. Long-term would be any time past one year.

Councilmember Jeffries questioned the healthcare costs and stated that the city is self-funding. In comparing 2011 and 2012, it appears that our liability is significantly reduced by almost 30%. Is that correct?

Mr. Bland stated that it is a very significant estimate, yet it is at best a guess. We looked to an outside expert to re-evaluate this number, but it is a soft number and always will be. You will never be able to look at it definitively.

Audit Recommendations

Mr. Bland stated that there were adjustments that needed to be made that made an effect on decisions.

The following areas were highlighted in the Audit Recommendation and are quoted verbatim below:

Timely Reconciliation of Tax Accounts

Several tax-related cash accounts were not reconciled until significantly after year end (approximately 5 months). Typically, we would expect such accounts to be reconciled within 6 weeks of year-end. It is our understanding that this problem was partially caused by turnover in the City Treasurer's office. Given the significance of taxes to the City, the failure to reconcile such balances timely exposes the City to additional risk.

Councilmember Jeffries questioned if this is related to income taxes.

Ms. Bennett indicated that this is property taxes.

Councilmember Jeffries questioned the length of time to reconcile.

Ms. Bennett stated that it was a change-over of staff that created the backlog.

Councilmember Dunbar commented that we have to pay the amount for the checks that would have been cashed.

Ms. Bennett explained that the money is essentially is being held on behalf of someone else.

Stale Reconciling Items

During our review of the City's bank reconciliations, we noted a number of reconciling items dating back as far as 2003. We recommend the City review stale items and either void or reissue or escheat them to the State, as necessary.

Off-Books Cash Account

The City currently holds a small checking account under its Federal ID number which is not accounted for in the general ledger. This account is held jointly with Aflac, as it is funded by employee flex dollars. We understand that if this plan were to be terminated, the funds would be returned to the employees, which suggests it would be most appropriate for the City to account for this activity in an agency fund. Presently, this account is not being reconciled on a monthly basis. We recommend that this account be incorporated into the City's general ledger and subjected to the same policies and procedures as other agency fund accounts of the City.

Failure to Complete a Physical Inventory

The City did not complete a physical count of its Sewer fund inventory for 2012, and instead simply carried forward the balance from the prior year. Failure to complete inventory counts exposes the City to additional risk (such as overstating or understating inventory, loss of inventory due to theft or obsolesce, etc.).

Stagnant Account Balances (Repeat Comment

We noted various asset and liability accounts with year-end balances that have been inactive for several years. Certain of these stagnant account balances relate to grant accruals/deferrals for prior years' awards (in which current awards remain active). Depending on the period of availability of the grant agreement related to each balance, the City may not be able to draw cash for these outdated receivables (or may be required to return grant funds not expended in the required time period to the awarding agency). While progress was made with several of these asset and liability accounts, including related to grant accruals/deferrals, a still few remain. We recommend the City review these accounts and determine appropriate further action to eliminate such balances prior to closing the June 30, 2013 fiscal year.

Stagnant Account Balances – Angie will reconcile this at the end of the budget year.

Calculation of Liability for Incurred-but-not-Reported Self-insurance Claims (Repeat Comment)

The City is self-insured for certain liabilities, including health insurance and workers' compensation. Although a partial valuation of its estimated outstanding liabilities was completed for the year ended June 30, 2012, we recommend that the City contract with a third-party for assistance in a timely fashion to allow for a complete and thorough analysis of these liabilities.

Timely Preparation and Submission of Actuarial Data (Repeat Comment)

The City obtains actuarial valuations for its various pension and other postemployment benefit plans each year. Ideally, these valuations should be obtained far enough in advance to be used in determining the annual required contribution for the fiscal year, and to be included in the audited financial statements. We recommend that the City seek to accelerate its timeline for submitting data to its actuaries in future periods.

Councilmember Jeffries questioned when the actuarial data will be complete.

Ms. Bennett stated that this is typically done at the end of the year, dealing with claims and are unreported. We look to our worker's compensation providers or healthcare providers to provide those numbers. We will be getting a comprehensive actuarial on the worker's compensation this year.

Documentation of Pension Benefit Calculations and Adjustments (Repeat Comment)

Participants in the City's pension plans receive benefits based on the provisions of ordinances adopted by the City Council Benefit payments are evaluated for potential adjustment each year to account for cost-of-living increases. The formulas used to evaluate the adjustments vary based on the date of retirement, circumstances of retirement, and applicable plan ordinance. Since an individual can receive pension benefits for many years, the monthly pension payment may be adjusted as many as 20-30 times before benefits cease. While we were able to find sufficient documentation to support the monthly pension payment upon retirement, changes in benefit amount are not consistently and formally tracked. In addition, there is no formal review and approval process for changing the payment amounts in the City's payroll system. We recommend that the City ensure that all pension participant files contain documentation to support the changes in benefit payments from retirement date forward. If this is not feasible for older files due to the limited availability of staff and the necessary time required, at a minimum, a formalized process should be developed and implemented for all new retirees.

End Control over Payroll Processing (Repeat Comment)
We noted in our review of internal controls that employees in financial positions are not required to take vacations. Periodic time off allows for the rotation of accounting and other financial duties to another individual, which is especially important for financial functions (e.g., accounting, payroll, accounts payable, and treasury functions). With the consolidating of positions and downsizing of departments common in local governments recently, we recommend that the City enhance its cross-training in these areas, and that periodic vacations/rotation of duties be enforced.

Internal Controls over Cash Receipts – Parking (Repeat Comment)
As part of our audit, we visited certain City departments that have decentralized cash receipting processes and reviewed the way in which cash is collected, recorded, and deposited. Within the Municipal Parking Operations, we noted a lack of evidence that an independent individual compared the cash deposit to the supporting documentation (such as cash register report, collection sub ledger, or detail listing of items being deposited). Management of this department has indicated that this process is occurring, but not being documented. We recommend that all departments with cash receipts require the cash deposit to be compared to a detail report by an independent individual, and that this review be documented and retained as evidence of the control.

Mr. Bland explained that there are a number of areas where the city should do better in documentation.

Councilmember Wood reported that the retirement boards have dedicated $1,000,000 over the next 10 years from the Police and Fire Retirement and Employees Retirement System for software.

Ms. Bennett explained that the significant shift was due to a number of employees who moved from self-insured to a fully insured Physician's Healthcare. The decrease in liability only speaks to the amounts incurred but not reported, not a decrease in healthcare.

Mr. Bland stated that we are comfortable with the healthcare piece.

Councilmember Jeffries requested a deeper discussion on healthcare.

Update on the 2nd Quarter General Fund Budget Status Update/List of Vacant Positions by Department

Ms. Bennett reviewed the General Fund Status Report – FY 2013 2nd Quarter and reported as follows:

Revenues

In total, General Fund revenues collected through the second quarter of Fiscal Year 2013 (July – December) were just slightly lower than the average of the past three years' second quarter collection rates, as a percentage of year-end amounts, at 49.2% compared to 50.9%.

- The vast majority of **Property Taxes** are collected in the first month of the fiscal year. At the end of the first half of this year, they were higher, as a percentage of budget, compared to the average of the past three year's second quarter collection rates, at 99.0% compared to 97.0%. The City has a number of pending property tax appeals which could impact property tax revenues for in this fiscal year. Property taxes comprise 34% of General Fund revenues.

- As a percentage of budget, **Income Tax** collections were on par with the average collection rate for the past three years, at 32.8% of budget, compared to 32.5%. Income taxes make up 26% of General Fund revenues.
- **State Revenue Sharing** and Fire Protection/Bad Driver Fees are on target. The City has complied with the October 1 Economic Vitality Program (EVIP) deadline for the Accountability and Transparency Submission and the February 1 deadline for consolidation of services. State revenue accounts for 12.4% of General Fund revenues.
- **Charges for Services** were lower as a percentage of year-end totals for the average of the same period for the last three years, at 37.3% of budget compared to 44.3% in prior years. Some of this lesser amount is attributable to timing issues of revenue receipts for ambulance billings, but also somewhat lower collection amounts in code compliance revenues. Charges for service comprise about 8% of General Fund Revenues.
- In total, **Licenses and Permits** revenues were higher than the average collection rate of the same period for the last three years as a percentage of year-end totals, at 27.8% of budget, compared to 25.6%. Licenses and permits make up only 1.5% of General Fund revenues.
- Collection rates for **Fines and Forfeiture** were lower as a percentage of yearend totals for the average of the last three years, at 36.2% of the budget compared to 39.4% While ordinance fines and costs are up from last year, some incremental amounts across other District Court revenues were down slightly. Fines and Forfeiture revenue makes up 2.2% of General Fund revenues.
- The City's **Return on Equity** payment from the Board of Water and Light (BWL), which accounts for 15% of General Fund revenues is not collected until the end of the fiscal year.
- **Interest** revenue is posted as investments mature, the timing of which varies from year-to-year.

<u>Expenditures</u>

In total, taking into account the vacancy factor, expenditures for General Fund operating departments (excluding debt service and transfers to other funds) were somewhat under the budget target – at 46.4% as of December 30, compared to a budgetary target of 49.4%. The only department exceeding budget targets as of December 30 was the Clerk's Office, which resulted from the timing of expenses incurred in this fall's elections.

<u>Summary</u>

For the first half of the year, total General Fund revenues and expenditures are generally on track.

<u>Resolution Setting the First Meeting of the Elected Officer's Compensation Commission for Thursday, February 14, 2013 at 1:00 p.m.</u>

COUNCILMEMBER BOLES ROBINSON MADE A MOTION TO SET THE FIRST MEETING OF THE ELECTED OFFICER'S COMPENSATION COMMISSION FOR THURSDAY, FEBRUARY 14, 2013 AT 1:00 P.M. MOTION CARRIED, 7-0.

Board and Commission Reports for:

LEPFA Board of Commissioners - Jody Washington

Councilmember Washington reported that LEPFA is reported to be right on budget. The market is going very well and they will be installing, just north of the market, a couple electric car chargers. There are some vendor changes and the ballpark is renovating but will be open on time. The Lansing Center is doing well with a new Head Chef.

Community Corrections Advisory Board – Derrick Quinney

Councilmember Quinney reported that they are working toward electing new officers on the board.

Capital Region Airport Authority Board – A'Lynne Boles Robinson

Nothing to report at this time.

Michigan Works – A'Lynne Boles Robinson, Derrick Quinney, Jody Washington

Councilmember Quinney stated that this first meeting saw some funding for dislocated worker training totaling $50,000. We had the election of new officers as well and he anticipates the next meeting will begin to reveal the goals of the board for this year.

Tri-County Regional Planning – Tina Houghton, Brian Jeffries, Carol Wood

Councilmember Jeffries reported that the first meeting selected new officers for this year's board. This year, the City of Lansing was designated for the first chair, which is Carol Wood. Ken Fletcher was elected Secretary. Leaving the board was Laurie Martin. Meetings on 4th Wednesday of each month at 7:30 p.m.

Tri-County Office on Aging

Councilmember Washington stated that the bulk of the meeting was taken up by introductions and briefings on the purpose of the board.

RECEIPT OF COMMUNICATIONS

None.

OTHER

None.

PENDING

- Continuation of Executive Session to Discuss Attorney-Client Privileged Communication Regarding Pending Litigation and Computer Usage Policy

ADJOURN

The meeting was adjourned at 8:56 p.m.
Respectfully Submitted by,
Diana Bitely, Council Staff
Approved by the Committee on 2/18/13.

Appropriate documents attached to original set of minutes.

AGENDA
Committee of the Whole
Monday, February 4, 2013 – 6:30 p.m.
10th Floor Conference Room, City Hall

Councilmember Carol Wood, Chair
Councilmember A'Lynne Robinson, Vice Chair

1. **Call to Order**

2. **Roll Call**

3. **Approval of Minutes**

4. **Public Comment on Agenda Items**

5. **Discussion/Action:**

    A. Appointment of Cassie Alley to the Elected Officer's Compensation Commission for a Term to Expire September 1, 2017

    B. Update from the Financial Health Team

    C. Review of the City's Annual Audit Report

D. Update on the 2nd Quarter General Fund Budget Status Update/List of Vacant Positions by Department

E. Resolution Setting the First Meeting of the Elected Officer's Compensation Commission for Thursday, February 14, 2013 at 1:00 p.m.

F. Board and Commission Reports for:

- LEPFA Board of Commissioners - Jody Washington
- Community Corrections Advisory Board – Derrick Quinney
- Capital Region Airport Authority Board – A'Lynne Boles Robinson
- Michigan Works – A'Lynne Boles Robinson, Derrick Quinney, Jody Washington
- Tri-County Regional Planning – Tina Houghton, Brian Jeffries, Carol Wood

- Tri-County Office on Aging – A'Lynne Boles Robinson, Jody Washington

6. **Other**

7. **Adjourn**

8. **Pending**

BY THE COMMITTEE OF THE WHOLE
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, the Mayor made the appointment of Cassie Alley of 6734 Seka Drive, Lansing, MI 48911 as an At-Large Member of the Elected Officers Compensation Commission (EOCC) for a Term to Expire September 1, 2017;

WHEREAS, the nominee has been vetted and meet the qualifications as required by the City Charter; and

WHEREAS, the Committee of the Whole met on February 4, 2013_and took affirmative action;

NOW, THEREFORE, BE IT RESOLVED that the Lansing City Council, hereby confirms the appointment of Cassie Alley of 6734 Seka Drive, Lansing, MI 48911 as an At-Large Member of the Elected Officers Compensation Commission (EOCC) for a Term to Expire October 1, 2017.

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From the 1/28/13 Meeting
Referred to the Committee of the Whole

Virg Bernero, Mayor

January 24, 2013

Council President Carol Wood and
City Council Members
10th Floor City Hall
Lansing, MI 48933

Dear President Wood and City Council Members:

I herewith submit for your confirmation the appointment of Cassie Alley of 6734 Seka Drive, Lansing, MI 48911 as an At-Large Member of the Elected Officers Compensation Commission (EOCC) for a Term to Expire September 1, 2017.

Your confirmation of this appointment is appreciated.

Sincerely,

Virg Bernero
Mayor

BY THE ______________

RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, the Mayor made the appointment of Cassie Alley of 6734 Seka Drive, Lansing, MI 48911 as an At-Large Member of the Elected Officers Compensation Commission (EOCC) for a Term to Expire September 1, 2017;

WHEREAS, the __________ Committee met on __________ and took affirmative action;

NOW, THEREFORE, BE IT RESOLVED that the Lansing City Council, hereby confirms the appointment of Cassie Alley of 6734 Seka Drive, Lansing, MI 48911 as an At-Large Member of the Elected Officers Compensation Commission (EOCC) for a Term to Expire October 1, 2017.

LANSING MICHIGAN

Virg Bernero, Mayor

OFFICE OF THE MAYOR
9th Floor, City Hall
124 W. Michigan Avenue
Lansing, Michigan 48933-1694
(517) 483-4141 (voice)
(517) 483-4479 (TDD)
(517) 483-6066 (Fax)

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10 2013
MA OR'S OFFICE

APPLICATION FOR APPOINTMENT TO A CITY BOARD OR COMMISSION

Thank you for your interest in serving on a Lansing Board, Commission or committee. The Lansing City Charter requires that every appointee to a board, commission, or committee established by Charter or ordinance must meet the following qualifications and eligibility requirements:

- Be a registered elector in the City of Lansing (Charter Section 2-102).
- Be a resident of Lansing for one year prior to taking office (Charter Section 2-102).
- Not be in default to the City at the time of taking office (Charter Section 2-103.2).
- Not have been convicted, within 20 years of taking office, of a violation of the election laws of the City of Lansing, State of Michigan, or the United States; a violation of a public trust; or any felony (Charter Section 2-103.1).

Date: 1-8-13

Full Name: Cassie (First) F (Middle) Alley (Last)

Other name(s) by which you have been known, including maiden names: Darnell

Date of Birth: 4/18/1959 Gender: f Ward: 2 Precinct: 20 Last four digits of Soc. Sec. # [redacted]

Address: 6734 Seka Drive

City LANSING or Other ______ Zip 48911

Rent or Own? own

Home Phone: (517) ______ Work Phone: ( ) ______

Cellular Phone: ( ) ______ Email Cassie.alley@yahoo.com

Educational Background: B.S. Criminal Justice, Ferris State University 1982

Occupational Background (attach résumé if available): attached

Boards on which you are interested in serving:

1) Ethic 2) EEOC

3) 4)

Additional information regarding experience and credentials:

See resume - attached.

Please comment briefly on why you wish to serve on a particular board or commission. Please be specific as to your goals and ideas about how you wish to contribute to the work of the board or commission:

After 25 year of conscientious and dedicated service as a police officer/investigator and 5 years of retirement from the City of Lansing Police Department, I hope to return to City Service in a volunteer capacity. I will bring the same dedication, strong work ethic and Tenacity To any board or Commission that you wish to appoint me to.

Cassie Allen

Qualifications and Eligibility – At this time, if you do not meet one or more of the qualifications or eligibility requirements listed at the top of page 1, please state here the requirement to be met and explain how you will be qualified or eligible before you would be sworn in to an appointed office:

N/A

By clicking this box you signify that you can serve on a board or commission and the information in this application is accurate to the best of your knowledge.

Click

Cassie F. Alley

6734 Seka Drive
Lansing, MI 48911
(517) 242-1941

Law enforcement professional with 25 years of experience in police work. Currently retired from the City of Lansing Police department. Strong background in domestic violence investigation, community policing and writing policy and procedures. Respected Citizen of the Pokagon Band of the Potawatomi Indian Tribe and Host Family to numerous foreign exchange students.

Experience

2006 To Present — Host Family for Foreign Exchange Students

- Ji Hyeon Baik from South Korea (January 2013 to Present)
- Ingrid Kovacova from Slovakia (January 2013 to Present)
- Yannik Vonderschmitt from Germany (August 2011 to June 2012)
- Enrique Macineira Ortiz from Spain (July 2011 to August 2011)
- Alejandro Abascal Crespo from Spain (July 2011)
- Javier De Velasco Martinez from Spain (August 2010 to June 2011)
- Diego Gorostieta from Mexico (August 2009 to June 2010)
- Un Ji Min from Usain South Korea (July 2007)
- Ji-Soo Jeong from Usain South Korea (July 2007
- Ely De Garay from Mexico (July to August 2006)

2007 To 2008 — Prima Civitas Foundation Project Manager for two C.S. Mott Foundation grants; The Learning Communities Grant and Moving Ideas to Market Grant.

- The Learning Communities grant purpose was to identify and organize stakeholders within the Advanced Manufacturing, Healthcare and Entrepreneurship sectors in a 13 county region for the purpose of creating "Learning Communities" within each sector in which stakeholders develop programs and services to help these sectors grow and flourish by focusing on fostering skill development, leveraging assets, collecting and sharing data, jointly pursue mutually beneficial grants and share promising practices.
- The Moving Ideas to Market grant is an initiative which created a network of volunteers and support organizations to collaborate on stream-lining critical pipelines for all segments of the of the entrepreneurial process to assist entrepreneur's in moving their ideas to market.

1982 To 2007 Lansing Police Department

Detective (2001 to 2007)

- Lead Detective for Domestic Violence Task Force investigating the most serious domestic violence cases in the City of Lansing.
- Asset Forfeiture Detective for the Tri-County Metro Narcotics, a multi-jurisdictional task force serving Clinton, Eaton and Ingham Counties.

LPD Policy and Procedure Writing and Revision (1989, 1992-1993, 2000-2001)

- Led a team of LPD command officers and the Legal Advisor researching and updating current and drafting new policy and procedures for the police department.

Police Officer (1982-2001)

- Worked as a patrol officer investigating criminal activity, writing police reports, making arrests, enforcing traffic, local, and State laws. Tenacious investigator in crimes of abuse against children, closely following cases through the criminal justice system to ensure the continuing safety of the child.
- Assigned as a Drug Awareness Resistance Education (DARE) Officer for the Lansing School District, grades K-12 from 1997 to 2002.
- Assigned as a Community Policing Office in the Baker / Donora Neighborhood from 1990 to 1993.
- Assigned to Tri-county Metro Narcotics as an undercover officer from 1984 to 1987.

Education

B.S., Ferris State University, 1982
Major: Criminal Justice

Personal

Married, 2 Adult Children
U.S. Citizen
Citizen of the Pokagon Band of Potawatomi Indian
Member of Lansing Rowing Club and competitive rower

References

Excellent references available upon request

City of Lansing, Michigan

Year Ended June 30, 2012

Comprehensive Annual Financial Report

Prepared by: Department of Finance

Interim Finance Director
Angela Bennett

Accounting Manager
Randy Endsley

CITY OF LANSING, MICHIGAN

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INTRODUCTORY SECTION

CITY OF LANSING, MICHIGAN

ELECTED AND APPOINTED OFFICERS

For the Year Ended June 30, 2012

MAYOR
Virg Bernero

CLERK
Chris Swope

DISTRICT COURT JUDGES
Frank J. DeLuca
Patrick F. Cherry
Charles F. Filice
Hugh B. Clarke, Jr.
Louise Alderson

CITY COUNCIL

AT LARGE	BY WARDS
Brian Jeffries	Jody Washington - 1st Ward
Kathie Dunbar	Tina Houghton - 2nd Ward
Derrick Quinney	A'Lynne Robinson - 3rd Ward
Carol Wood	Jessica Yorko - 4th Ward

OFFICERS

William Fowler	City Assessor
Brigham Smith	City Attorney
Antonia Kraus	City Treasurer
Chad Gamble	Chief Operating Officer
Angela Bennett	Interim Finance Director
Randy Talifarro	Fire Chief
Joan Jackson Johnson	Human Relations & Community Services, Director of
Arnie Yerxa	Internal Auditor
Brett Kaschinske	Parks & Recreation, Director of
Terri Taylor	Human Resources, Director of
Robert Johnson	Planning & Neighborhood Development, Director of
Teresa Szymnaski	Police Chief
Chad Gamble	Public Service, Director of

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

January 18, 2013

Council President Brian Jeffries
and Council Members
10th Floor City Hall
Lansing, Michigan 48933-1694

Dear President Jeffries 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, 2012.

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 2011/2012 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, 2012, 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 unqualified 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 Auditors' 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 114,297, according to the 2010 census, and offers a full range of services. During the fiscal year ended June 30, 2012, the City operated police headquarters and two precincts with over 180 sworn police officers; six fire stations with a fire protection force of over 170; over 300 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 were property taxes, income taxes, State revenue sharing, Federal entitlement grants, and charges for services, including utility billings.

Reporting Entity

The financial reporting entity (the City) includes all of the funds of the primary government (i.e., the City as legally defined), as well as its blended component 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 the 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 audit 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 Act Compliance.

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. The City Council must, by charter, adopt the budget for the ensuing fiscal year by the third Monday in May. The budget is adopted at the activity level within each department.

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.

Risk Management

The City carries a $1 million underlying general liability policy and a $15 million umbrella policy, as well as all-risk replacement cost insurance on all buildings owned by the City. The City maintains self-funded insurance for liability associated with workers compensation: up to $750,000 per occurrence is self-funded, and the City maintains commercial excess insurance coverage of up to $2 million per occurrence.

Economic Condition and Outlook

Michigan's economy continues to show signs of rebounding from the "Great Recession." Lenders and businesses are cautiously starting to invest in what are considered safe investments, the City continues to move along and is poised to recover as the national and world economies do. Lansing continues to see strengthening of its job market and has experienced one of the highest growth rates in the state. Aggressive economic development activities have resulted in a number of economic projects that have happened in 2012 and several more are slated to break ground in 2013:

- The downtown Knapps department store building rehabilitation project, announced in April, has received its final approvals and is now underway. This $36 million project will create over 100 jobs as well as fully redeveloping an entire city block.
- Emergent Biosolutions, an international research and development and manufacturing firm of the anthrax vaccine, located in the City of Lansing, announced plans to build a $108 million campus expansion of its facilities. The project is currently nearing completion. This allowed them to receive $220 million in new funding from the federal government to expand their development of vaccines for pandemic virus beyond just anthrax.
- In partnership with the City, the Sault Ste. Marie Tribe of Chippewa Indians announced plans this past January for a 125,000-scure-foot Kewadin tribal casino. To be located next to the City's convention center, the casino is planned to have 3,000 slot machines and 48 gambling tables and is projected to generate 1,500 jobs. Revenue sharing from the operations of the casino are planned to fund four-year college scholarships for Lansing School District graduates, modeled after the Kalamazoo Promise. The development has met some legal challenges, but is progressing.
- Pratt & Whitney added several million dollars in equipment to its City of Lansing site and also added a minimum of 70 new jobs to the City.
- The Capital Regional International Airport completed a 55,000 square foot export/import manufacturing facility in the City of Lansing, which promises to attract several new manufacturers including one from Italy which would create an initial 80 jobs (yet announced).
- Blue Cross/Blue Shield moved its 260 corporate employees from its Delta Township location to a downtown Lansing location in April.
- The publicly-owned utility Lansing Board of Water and Light will complete in 2013 its construction of a $180 million natural gas plant in Lansing's REO Towr, while moving its corporate headquarters and 180 employees with this new plant, sparking a whole revitalization effort within this area of Lansing.

Lansing is an environment of high-growth possibilities and a reasonably safe return on investment. Lansing is poised to benefit from the new generation of young people, entrepreneurs and new economy businesses who are now demanding an urban environment for living and working. Although tough times remain, and some people and business are hurting, the City of Lansing is still poised for a remarkable, sustained and historic period of economic diversity and growth.

Acknowledging the need for comprehensive, integrated economic development efforts on a regional basis, the City will be contracting with the Lansing Economic Area Partnership (LEAP) beginning in fiscal year 2013. It is expected that this move will strengthen economic development efforts and opportunities, both for the City and the region as a whole, while decreasing economic development costs to the City.

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, 2011. This was the 34th 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 34th consecutive GFOA award, recognizing their efforts, is well deserved indeed.

Sincerely,

Virg Bernero
Mayor

Angela Bennett
Interim Finance Director

CITY OF LANSING, MICHIGAN

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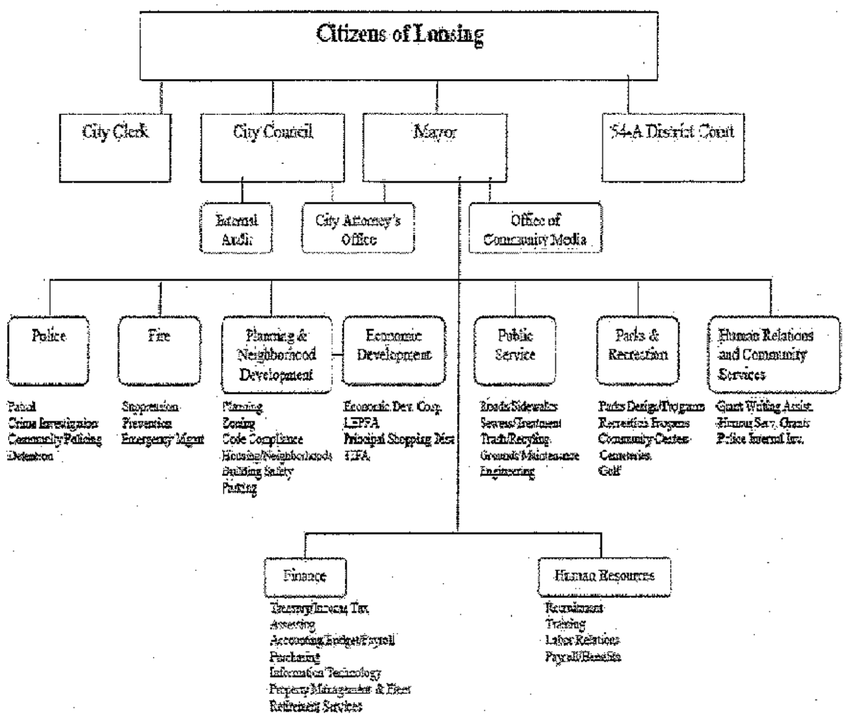

CITY OF LANSING, MICHIGAN

GFOA Certificate of Achievement

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, 2011

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

President

Executive Director

FINANCIAL SECTION

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Rehmann

2330 East Paris Ave., SE
PO Box 6547
Grand Rapids, MI 49516
Ph: 616.975.4100
Fx: 616.975.4400

INDEPENDENT AUDITORS' REPORT

January 18, 2013

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the ***City of Lansing, Michigan*** (the "City"), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lansing, Michigan as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated January 18, 2013, on our consideration of the City of Lansing, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions for the pension and other postemployment benefit plans, as noted 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.

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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Rehmann Robson

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, 2012 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 of the City exceeded its liabilities at the close of the fiscal year by $398.0 million (reported as net assets), a decrease of $29.9 million from fiscal year 2010/2011. Component units of the City reported a deficit of net assets of $33.6 million, an improvement of $604,290 from the previous year. This component unit deficit is planned to be covered by future tax revenue captures in the TIFA, Smart Zone, and Brownfield component units.
- As of the close of the 2011/2012 fiscal year, the City's governmental funds reported combined ending fund balances of $17.4 million. Of this, $8.5 million is legally restricted and/or unavailable to spend (i.e. amounts tied up in inventories), and $4.2 million is committed for designated projects, leaving $4.7 million unrestricted/uncommitted.
- 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 $5.2 million, an increase of $258,341 from FY 2010/11. Please see the "General Fund and Budgetary Highlights" section of this Management Discussion and Analysis for further detail.
- The business-type activities reported net assets at year-end of $254.2 million, an increase of $2.8 million during the year which is the result of the result of the receipt of federal stimulus dollars for the City's Combined Sewer Overflow (CSO) and tertiary building projects.
- The City's total bonded and loaned debt was $257.7 million at June 30, 2012, a decrease of $15.0 million (or 5.5%), which represents the net difference between new issuances and payments. During the year, the City issued $5.7 million in State revolving loan fund debt for the City's Wet Weather (formerly Combined Sewer Overflow/Sanitary Sewer Overflow) environmental program in the Sewage Disposal System (proprietary) fund. More detailed information regarding these activities and funds can be found in footnote 10, Long Term Debt.

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. These statements include all non-fiduciary assets and liabilities, but exclude assets and liabilities related to pensions. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the City, as a whole, and about its activities, which provide measurements of long term trends that should help answer this question: Is the City, as a whole, better off or worse off as a result of this year's activities? Unlike the governmental funds, the current year's revenues and expenses are taken into account regardless of when cash is received or paid, known as "full accrual accounting".

The Statement of Net Assets presents all of the City's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets are an indicator of whether the City's long term financial position is improving or deteriorating.

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

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

- *Governmental Activities* - Most of the City's basic services are reported under this category. Property taxes, income taxes, and intergovernmental revenues generally fund these services. The Council (legislative branch), the District Court (judicial branch), and general operations of the executive branch departments, such as police, fire, parks, public works, and staff departments fall within the governmental activities.
- *Business-type Activities* - The City charges fees to customers to help cover all or most of the 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 four such discretely presented units; the Lansing Entertainment and Public Facilities Authority, the Tax Increment Finance Authority, the Brownfield Redevelopment Authority, and the SmartZone.

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 revenue on the governmental fund statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in governmental fund statements, but not deferred on the government-wide statements.
- Internal service funds are reported as governmental activities, but reported as proprietary funds in the fund financial statements.
- Bond issuance costs, discounts and premiums in the issuance of long term debt, are reported as expenditures in governmental fund statements, but are capitalized and amortized in the government-wide statements.
- Unless due and payable, long-term liabilities, such as capital lease obligations, compensated absences, litigation, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending in excess of capitalization thresholds are recorded as capital assets on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.
- Certain other outflows, such as debt service principal payments, represent decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental fund statements.

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

Fund Financial Statements. The City's Major Funds are identified as its Sewage Disposal Fund, and it's Municipal Parking System Fund, along with its General Fund and State and Federal Programs Fund. Data for the 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 project, debt service, and permanent funds.
- *Proprietary funds* - When the City charges customers for the services it provides, whether to outside customers or to other agencies within the City, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize full accrual accounting; the same method used by private sector businesses. Enterprise funds report activities that provide supplies and services to the general public. Examples are the Sewage Disposal Fund and the 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 plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These funds, which include pension and other employee benefit funds, are reported using full accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent spendable assets of the City to finance its operations.

Additional Required Supplementary Information

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

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 assets decreased $29.9 million over the course of this fiscal year's operations to a total of $398.0 million. Net assets of governmental activities decreased $32.6 million or 18.5%, and business-type activities increased $2.8 million or 1.1%.

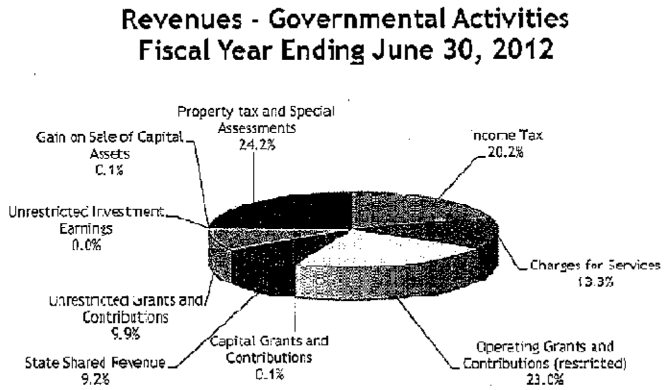
	Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 43,411,053	$ 53,156,308	$ 72,606,690	$ 79,419,223	$ 116,017,743	$ 132,575,531
Capital assets, net	197,254,093	216,241,023	405,148,276	407,646,391	602,402,369	623,887,414
Total assets	240,665,146	269,397,331	477,754,966	487,065,614	718,420,112	756,462,945
Long-term liabilities	52,369,642	56,089,479	220,788,105	230,794,454	273,157,747	286,883,933
Other liabilities	44,419,526	36,799,761	2,803,746	4,863,654	47,223,272	41,663,415
Total liabilities	96,789,168	92,889,240	223,591,851	235,658,108	320,381,019	328,547,348
Net assets:						
Invested in capital assets, net of related debt	163,723,249	180,571,237	209,584,457	204,149,751	373,307,706	384,720,988
Restricted	14,524,584	14,777,571	12,382,060	13,080,302	26,906,644	27,857,873
Unrestricted	(34,371,855)	(18,840,717)	32,196,598	34,177,453	(2,175,257)	15,336,736
Total net assets	$ 143,875,978	$ 176,508,091	$ 254,163,115	$ 251,407,506	$ 398,039,093	$ 427,915,597

The largest component (93.8%) of the City's net assets reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt outstanding that was needed to acquire or construct the assets. Restricted net assets are the next largest component, comprising 6.8%, is subject to external restrictions such as bond covenants, City Charter, State legislation or Constitutional provision. The remaining portion, unrestricted net assets are resources that may be used at the City's discretion, but often have limitations based on policy action.

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

	Change in Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program revenues						
Charges for services	$ 18,376,030	$ 18,974,531	$ 41,682,398	$ 41,470,617	$ 60,058,428	$ 60,445,148
Operating grants	31,928,983	30,154,681	1,331,737	4,456,708	33,260,720	34,611,389
Capital grants	260,656	189,414	2,683,657	1,439,044	2,944,313	1,628,458
General revenues						
Taxes	61,449,930	65,933,339	-	-	61,449,930	65,933,339
State shared revenues	12,710,114	14,214,339	-	-	12,710,114	14,214,339
Unrestricted grants and contributions	13,731,847	13,040,235	-	-	13,731,847	13,040,235
Unrestricted investment earnings	69,265	89,735	271,067	689,883	340,332	779,618
Gain (loss) on sale of capital assets	123,066	108,601	(1,300,561)	21,166	(1,177,495)	129,767
Total revenues	138,649,891	142,704,875	44,668,298	48,077,418	183,318,189	190,782,293
Expenses						
General government	30,841,776	25,665,269	-	-	30,841,776	25,665,269
Public safety	82,369,004	83,546,997	-	-	82,369,004	83,546,997
Public works	33,144,303	26,355,375	-		33,144,303	26,355,375
Recreation and culture	8,889,142	8,245,451	-	-	8,889,142	8,245,451
Community development	13,623,946	12,825,028	-	-	13,623,946	12,825,028
Interest on long-term debt	1,949,825	2,116,535	-	-	1,949,825	2,116,535
Sewage disposal system	-	-	26,836,597	26,444,741	26,836,597	26,444,741
Municipal parking system	-	-	9,491,376	9,896,498	9,491,376	9,896,498
Cemetery	-	-	639,000	755,766	639,000	755,766
Golf	-	-	810,372	846,817	810,372	846,817
Garbage and refuse		-			-	1,515,600
collection	-	-	1,558,024	1,515,600	1,558,024	2,809,353
Recycling	-	-	3,041,328	2,809,353	3,041,328	2,809,353
Total expenses	170,817,996	158,754,655	42,376,697	42,268,775	213,194,693	201,023,430
Change in net assets, before transfers	(32,168,105)	(16,049,780)	2,291,601	5,808,643	(29,876,504)	(10,241,137)
Transfers	(464,008)	(633,814)	464,008	633,814	-	-
Change in net assets	(32,632,113)	(16,683,594)	2,755,609	6,442,457	(29,876,504)	(10,241,137)
Net assets:						
Beginning of year	176,508,091	193,191,685	251,407,506	244,965,049	427,915,597	438,156,734
End of year	$143,875,978	$176,508,091	$254,163,115	$251,407,506	$398,039,093	$427,915,597

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



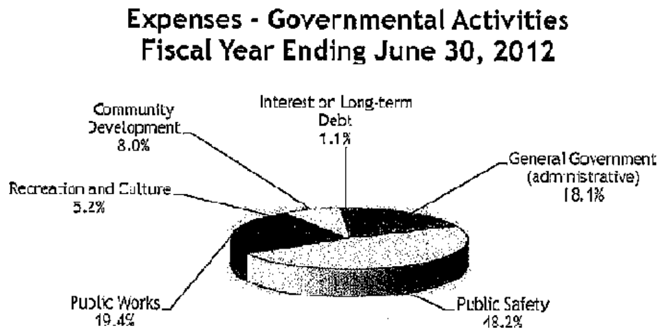
Property taxes comprised 24.2%, or $33.5 million, of governmental activity revenue, with $562,850 representing debt service on voted unlimited tax general obligation debt. The City's operating millage is currently 15.44 mills. In accordance with Charter and State Constitutional provisions, the City may levy up to 19.1692 mills for operations in FY 2012. 3.73 potential mills remain unlevied, which equates to approximately $7.7 million in potential, but unlevied, property tax revenue. During FY 2011/2012, voters authorized a 4-mill increase to take effect July 1, 2012 (FY 2012/2013), along with an override of the Headlee amendment. These actions increased the City's State-authorized property tax rate cap to 20 mills, with 19.44 mills to be levied for FY 2012/2013.

Income taxes comprised 20.2%, or $27.9 million, of governmental activity revenue which, the full amount of which is revenue to the General Fund. Local income tax rates are prescribed by State law, and limited in Lansing's case to 1% of resident income and 0.5% of the income of persons working in the City, but living outside of its corporate boundaries.

Restricted Operating Grants and Contributions made up $31.9 million, or 23.0% of governmental activity revenue. In this category, $11.5 million are recurring revenues from: State Gas & Weight tax revenues restricted for streets; Community Development, HOME, and Emergency Shelter entitlement grants; and drug forfeiture funds restricted for drug enforcement efforts. The remaining $20.4 million is attributable to non-entitlement grants.

Unrestricted Grants and Contributions account for the next-largest category of governmental activity Revenue, comprising 19.1%, or $26.4 million, of revenues. Just-less-than-half of this category, $12.7 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 and motor fuel and weight taxes. Equity payments from the independently-managed-and-operated Board of Water and Light account for $12.2 million of the category, with remaining $1.5 million coming from payments from the State of Michigan for a payment in lieu of tax for its fire protection for its properties and reimbursement of liquor license enforcement costs.

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



Business-type Activities. Net assets of the business-type activities increased by $2.8 million during the fiscal year to $254.2 million. The main cause of this increase was the result of the result of the receipt of federal stimulus dollars for the City's Combined Sewer Overflow (CSO) and tertiary building projects.

Financial Analysis of the City's Funds

As the City completed the fiscal year, its governmental funds reported combined ending fund balances of $17.4 million. Of this, $8.5 million is legally restricted and/or unavailable to spend (i.e. amounts tied up in inventories), and $4.2 million is committed for designated projects, leaving $4.7 million unrestricted/uncommitted, which is the "unassigned" the amounts in the City's General Fund and Budget Stabilization Fund.

General Fund Budgetary Highlights

The FY 2011/2012 budget was adopted as a balanced budget, based on projected revenues, without any use of reserves. Due to the continued effects of the "Great Recession," income tax revenues and property tax revenues, affected by bankruptcies and foreclosures, came in lower than anticipated. During the fiscal year, revenue projections were downgraded and the budget was amended to include a potential $600,000 use of reserves. In the end, use of reserves we not needed, and the combined unassigned fund balance for the General Fund and Budget Stabilization fund increased by $258,341.

The FY 2012/2013 budget, adopted at level commensurate with projected decreases in property values and other the revenue levels experienced in FY 2011/2012, does not include any use of reserves.

Sewage Disposal Fund

Net assets increased $5.7 million to $230.7 million in FY 2012. $2.7 million of that increase was due to the receipt of American Reinvestment and Recovery Act (ARRA) monies for its Combined Sewer Overflow (CSO) and tertiary building projects. The remaining $3.0 million of the increase resulted from operations during the fiscal year necessary to fund the long-term debt associated with the CSO program in future years.

Municipal Parking Fund

The Municipal Parking Fund net assets decreased $2.6 million, the main reason for the decrease being the sale of three parking system properties. Operationally, the parking system had a $1.2 million loss as a result of scheduled parking ramp maintenance.

Capital Assets. At the end of the fiscal year 2012, the City had invested $602.4 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 the notes to the basic financial statements. For more detailed information, please refer to footnote 7.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 25,084,983	$ 24,776,106	$ 13,503,321	$ 13,730,508	$ 38,588,304	$ 38,506,614
Land improvements	8,976,263	7,078,707	12,754,115	12,683,400	21,730,378	19,762,107
Buildings and improvements	54,304,128	52,941,270	95,812,441	100,185,463	150,116,569	153,126,733
Equipment	6,399,147	7,816,668	473,899	600,575	6,873,046	8,417,243
Infrastructure	102,158,566	114,872,419	233,737,519	239,427,084	335,896,085	354,299,503
Construction in progress	331,006	8,755,853	48,866,981	41,019,361	49,197,987	49,775,214
Total capital assets, net	$ 197,254,093	$ 216,241,023	$ 405,148,276	$ 407,646,391	$ 602,402,369	$ 623,887,414

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, golf course, and firing range improvements. Revenues derived from user fees from persons using parking and golf facilities fund the debt service requirements for related improvements, but they are also backed by a limited tax pledge. More detailed information regarding the City's long-term obligations is presented in Note 10 (Long-Term Debt) to the financial statements.

	Outstanding Debt	
	2012	2011
Governmental activities		
General obligation bonds	$ 25,727,000	$ 27,687,000
Installment purchase contracts	8,193,616	9,564,693
Loans	512,577	779,580
Deferred amounts	(4,524)	9,120
Compensated absences	10,601,091	10,927,004
Workers compensation	7,131,238	6,861,277
Tax settlement	208,644	260,805
Total governmental activities	52,369,642	56,089,479
Business-type activities		
General obligation bonds	192,125,645	200,539,634
Revenue bonds	29,525,000	32,565,000
Loans	1,637,177	1,574,209
Deferred amounts	(3,321,270)	(4,572,660)
Compensated absences	821,553	688,271
Total business-type activities	220,788,105	230,794,454
Total outstanding debt	$273,157,747	$286,883,933

During the year, the City issued $5.7 million in State revolving loan fund debt for the City's Wet Weather (formerly Combined Sewer Overflow/Sanitary Sewer Overflow) environmental program in the Sewage Disposal System (proprietary) fund. More detailed information regarding these activities and funds can be found in footnote 10, Long-Term Debt.

Economic Condition and Outlook

The State of Michigan's economic challenges, including the national recession, American automobile industry crisis, housing market and foreclosure impacts on property tax revenues, combined with rising labor force and healthcare costs, continues to place budgetary and fiscal constraints on the City of Lansing. A structural imbalance between revenue and expenditure growth exists, as is the case for the majority of cities, especially those that are urban centers, in Michigan.

To address these budgetary challenges, and to protect vital services to the public, since his inauguration in January, 2006, Mayor Bernero has implemented a budgetary strategy of maximizing revenues; reducing expenses; improving operational and technological efficiencies; consolidating like functions; collaborating with neighboring municipalities, counties, and non-profit entities to provide funding for City-owned assets that benefit the entire region. The Mayor also continues to work aggressively with the unions to contain the rising cost of healthcare and other compensation costs.

In this historic economic downturn, including the credit crisis in the private sector, the City saw significant economic development announcements and national recognition (see Economic Condition and Outlook in the Transmittal Letter). The City is poised to experience continued, significant economic growth in the next several years. As with other municipalities, especially in Michigan, the City government will continue to face significant challenges in this climate of declining property values and revenues in the face of rising compensation, healthcare, and energy costs. The Mayor is committed to directing the City in a fiscally responsible manner -- living within the City's means and not relying on reserves to balance the budget.

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. If you have any questions about this report or need additional financial information, 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 Assets
June 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
Assets				
Cash and investments	$ 18,392,327	$ 9,475,493	$ 27,867,820	$ 2,379,511
Receivables, net	36,524,427	31,260,676	67,785,103	1,133,007
Internal balances	(17,434,471)	17,434,471	-	-
Due from primary government	-	-	-	1,038,819
Inventories, prepaids and other assets	2,802,236	1,013,550	3,815,786	262,623
Restricted assets:				
Cash and investments	3,126,534	13,304,737	16,431,271	1,919,523
Receivables, net	-	117,763	117,763	-
Capital assets not being depreciated	25,415,989	62,370,302	87,786,291	-
Capital assets being depreciated, net	171,838,104	342,777,974	514,616,078	64,786
Total assets	240,665,146	477,754,966	718,420,112	6,798,269
Liabilities				
Accounts payable and accrued liabilities	13,263,170	1,466,258	14,729,428	1,349,157
Accrued interest payable	296,928	1,218,103	1,515,031	15,654,795
Due to component units	1,038,819	-	1,038,819	-
Unearned revenues	721,164	119,385	840,549	328,493
Long-term liabilities:				
Due within one year	5,481,769	18,516,953	23,998,722	2,081,385
Due in more than one year	46,887,873	202,271,152	249,159,025	20,942,115
Net pension obligation, due in more than one year	238,555	-	238,555	-
Net other postemployment benefit obligation, due in more than one year	28,860,890	-	28,860,890	-
Total liabilities	96,789,168	223,591,851	320,381,019	40,355,945
Net assets				
Invested in capital assets, net of related debt	163,723,249	209,584,457	373,307,706	59,445
Restricted for:				
Public safety	708,797	-	708,797	-
Public works	5,708,167	-	5,708,167	-
Community development	3,245,537	-	3,245,537	-
State mandated programs	36,000	-	36,000	-
Donations	16,256	-	16,256	-
Debt service	3,126,534	11,172,059	14,298,593	-
Capital projects	-	1,210,001	1,210,001	-
Endowments (nonexpendable)	1,683,293	-	1,683,293	-
Unrestricted (deficit)	(34,371,855)	32,196,598	(2,175,257)	(33,617,121)
Total net assets (deficit)	$ 143,875,978	$ 254,163,115	$ 398,039,093	$ (33,557,676)

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

CITY OF LANSING, MICHIGAN

Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary government					
Governmental activities:					
General government	$ 30,841,776	$ 6,428,110	$ 1,895,465	$ -	$ (22,518,201)
Public safety	82,369,004	8,525,524	9,997,470	-	(63,846,010)
Public works	33,144,303	2,797,443	11,295,524	255,656	(18,795,680)
Recreation and culture	8,889,142	557,609	279,750	5,000	(8,046,783)
Community development	13,623,946	67,344	8,458,427	-	(5,098,175)
Interest on long-term debt	1,949,825	-	2,347	-	(1,947,478)
Total governmental activities	170,817,996	18,376,030	31,928,983	260,656	(120,252,327)
Business-type activities:					
Sewage disposal system	26,836,597	29,915,799	-	2,683,657	5,762,859
Municipal parking system	9,491,376	6,858,606	1,331,737	-	(1,301,033)
Cemetery	639,000	240,394	-	-	(398,606)
Golf	810,372	390,134	-	-	(420,238)
Garbage and rubbish collection	1,558,024	1,459,101	-	-	(98,923)
Recycling	3,041,328	2,818,364	-	-	(222,964)
Total business-type activities	42,376,697	41,682,398	1,331,737	2,683,657	3,321,095
Total primary government	$ 213,194,693	$ 60,058,428	$ 33,260,720	$ 2,944,313	$ (116,931,232)
Component units					
Brownfield redevelopment	$ 1,396,771	$ -	$ 344,196	$ -	$ (1,052,575)
Community development	4,333,465	-	-	-	(4,333,465)
Recreation and culture	6,495,770	5,379,444	1,143,409	-	27,083
Total component units	$ 12,226,006	$ 5,379,444	$ 1,487,605	$ -	$ (5,358,957)

continued...

Statement of Activities
For the Year Ended June 30, 2012

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
Changes in net assets				
Net (expense) revenue	$ (120,252,327)	$ 3,321,095	$ (116,931,232)	$ (5,358,957)
General revenues				
Property taxes	33,506,860	-	33,506,860	5,952,652
Income taxes	27,943,070	-	27,943,070	-
Grants and contributions not restricted to specific programs	26,441,961	-	26,441,961	-
Unrestricted investment earnings	69,265	271,067	340,332	10,595
Gain (loss) on sale of capital assets	123,066	(1,300,561)	(1,177,495)	-
Transfers - internal activities	(464,008)	464,008	-	-
Total general revenues and transfers	87,620,214	(565,486)	87,054,728	5,963,247
Change in net assets	(32,632,113)	2,755,609	(29,876,504)	604,290
Net assets (deficit), beginning of year	176,508,091	251,407,506	427,915,597	(34,161,966)
Net assets (deficit), end of year	$ 143,875,978	$ 254,163,115	$ 398,039,093	$ (33,557,676)

concluded

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

FUND FINANCIAL STATEMENTS

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Governmental Fund Financial Statements

Major Funds

The General Fund 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.

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

Nonmajor Funds

Nonmajor governmental funds are presented, by fund type, beginning on the pages listed below:

Special revenue funds, page 109.
Debt service funds, page 121.
Capital projects funds, page 125.
Permanent funds, page 131.

CITY OF LANSING, MICHIGAN

Balance Sheet
Governmental Funds
June 30, 2012

	General	State and Federal Programs	Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	$ 1,162,451	$ -	$ 626,878	$ 1,789,329
Equity in pooled cash	6,947,757	246,221	7,580,928	14,774,906
Investments	-	-	425,107	425,107
Accounts receivable, net	14,302,803	-	1,477,353	15,780,156
Taxes receivable	463,964	-	-	463,964
Special assessments receivable	-	-	690,559	690,559
Loans receivable	-	51,170	1,385,000	1,436,170
Accrued interest receivable	-	-	2,009,367	2,009,367
Due from other funds	9,619,879	-	3,034,151	12,654,030
Due from other governments	5,469,083	6,748,132	1,732,322	13,949,537
Inventories	45,418	-	1,168,711	1,214,129
Prepaids	46,120	-	-	46,120
Total assets	$ 38,058,475	$ 7,045,523	$ 20,130,376	$ 65,234,374
Liabilities				
Accounts payable	$ 2,286,526	$ 2,020,636	$ 1,271,436	$ 5,578,598
Deposits payable	-	-	80,734	80,734
Accrued payroll	1,386,043	19,982	257,242	1,663,267
Retainage payable	1,117,930	-	148	1,118,078
Due to other funds	22,754,942	4,270,000	1,935,988	28,960,930
Due to component units	1,038,819	-	-	1,038,819
Advance from other funds	-	-	527,815	527,815
Due to other governments	1,548,340	-	225,777	1,774,117
Deferred revenue	2,181,107	720,171	3,862,188	6,763,466
Other	372,569	-	-	372,569
Total liabilities	32,686,276	7,030,789	8,161,328	47,878,393
Fund balances (Note 11)				
Nonspendable	92,538	-	2,852,004	2,944,542
Restricted	16,256	14,734	5,551,687	5,582,677
Committed	65,373	-	4,109,131	4,174,504
Unassigned (deficit)	5,198,032	-	(543,774)	4,654,258
Total fund balances	5,372,199	14,734	11,969,048	17,355,981
Total liabilities and fund balances	$ 38,058,475	$ 7,045,523	$ 20,130,376	$ 65,234,374

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

Reconciliation

Fund Balances of Governmental Funds
to Net Assets of Governmental Activities
June 30, 2012

Fund balances - total governmental funds	$ 17,355,981
Amounts reported for *governmental activities* in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	25,415,989
Capital assets being depreciated, net	171,838,104
Capital assets accounted for in internal service funds, net	(6,713,417)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. These assets (i.e., receivables) are offset by deferred revenues in the governmental funds and, therefore, are not included in fund balance.	
Deferred ambulance fees receivable	1,377,592
Deferred nuisance fees receivable	689,379
Deferred loans receivable	1,236,170
Deferred long-term interest receivable	2,009,367
Deferred long-term special assessments receivable	615,657
Deferred long-term taxes and tax settlement receivables	114,137
Internal service funds are used by management to charge the costs of certain equipment maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	7,090,711
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Bonds, loans and leases payable	(30,648,462)
Accrued interest on bonds, loans and leases payable	(267,896)
Deferred bond issuance costs, net	78,835
Net pension obligation	(238,555)
Net other postemployment benefit obligation	(28,860,890)
Compensated absences and other long-term liabilities	(17,216,724)
Net assets of governmental activities	$ 143,875,978

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, 2012

	General	State and Federal Programs	Nonmajor Governmental Funds	Totals
Revenues				
Taxes and special assessments	$ 32,501,559	$ -	$ 1,081,889	$ 33,583,448
Income taxes	27,943,070	-	-	27,943,070
Licenses and permits	1,538,325	-	-	1,538,325
Intergovernmental	14,270,567	15,046,129	12,115,097	41,431,793
Charges for services	9,940,323	-	8,735,575	18,676,398
Fines and forfeits	2,291,109	-	593,219	2,884,328
Interest and rents	48,213	907	14,451	63,571
Contributions	12,359,733	-	10,000	12,369,733
Donations from private sources	-	-	5,000	5,000
Other revenues	144,372	-	255,702	400,074
Total revenues	101,037,771	15,047,036	22,810,933	138,895,740
Expenditures				
Current expenditures:				
General government	22,439,973	-	2,598,616	25,038,589
Public safety	58,696,097	-	7,465,775	66,161,872
Public works	6,225,177	-	-	6,225,177
Highways and streets	-	-	8,589,298	8,589,298
Recreation and culture	6,996,074	-	488	6,996,562
Other functions	2,542,745	15,456,519	-	17,999,264
Debt service:				
Principal	1,547,076	-	1,901,004	3,448,080
Interest	971,525	-	864,693	1,836,218
Capital outlay	-	-	6,466,084	6,466,084
Total expenditures	99,418,667	15,456,519	27,885,958	142,761,144
Revenues over (under) expenditures	1,619,104	(409,483)	(5,075,025)	(3,865,404)
Other financing sources (uses)				
Transfers in	348,000	319,870	7,226,009	7,893,879
Transfers out	(3,223,597)	-	(5,134,290)	(8,357,887)
Proceeds on sale of capital assets	1,298,205	100,731	-	1,398,936
Total other financing sources (uses)	(1,577,392)	420,601	2,091,719	934,928
Net change in fund balances	41,712	11,118	(2,983,306)	(2,930,476)
Fund balances, beginning of year	5,330,487	3,616	14,952,354	20,286,457
Fund balances, end of year	$ 5,372,199	$ 14,734	$ 11,969,048	$ 17,355,981

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

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Assets of Governmental Activities
For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds	$ (2,930,476)
Amounts reported for *governmental activities* 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	2,996,304
Depreciation expense	(19,093,618)
Loss on disposal of capital assets	(2,217,440)
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	(304,571)
Change in deferred nuisance fees receivable	(63,141)
Change in deferred loans receivable	(1,906)
Change in deferred long-term interest receivable	69,250
Change in deferred special assessments receivable	(102,749)
Change in deferred taxes and tax settlement receivables	(26,000)
Internal service funds are used by management to charge the costs of certain equipment maintenance to individual funds. The net increase (decrease) in the net assets of the internal service funds is reported with governmental activities.	
Net operating loss from governmental activities in internal service funds	(1,783,903)
Interest revenue from governmental internal service funds	8,041
Gain on sale of capital assets from governmental internal service funds	123,066
Interest expense from governmental internal service funds	(152,225)
Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Principal payments on long-term liabilities	3,448,080
Certain expenditures are reported in governmental funds that reduce long-term liabilities for purposes of the statement of net assets.	
Change in estimated liability for workers' compensation	(269,961)
Some expenses reported in the statement of activates 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	34,801
Amortization of debt-related costs	3,817
Change in net other postemployment benefit obligation	(12,507,430)
Change in net pension obligation	(257,964)
Change in the accrual for compensated absences	343,751
Change in the accrual for tax settlement agreement	52,161
Change in net assets of governmental activities	$ (32,632,113)

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

CITY OF LANSING, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	$ 33,729,335	$ 32,513,898	$ 32,501,559	$ (12,339)
Income taxes	29,800,000	28,200,000	27,943,070	(256,930)
Licenses and permits	1,810,140	1,673,200	1,538,325	(134,875)
Intergovernmental	9,025,560	13,595,960	14,270,567	674,607
Charges for services	9,909,795	10,970,672	9,940,823	(1,029,849)
Fines and forfeits	2,441,420	2,441,420	2,291,109	(150,311)
Interest and rents	119,000	101,000	48,213	(52,787)
Contributions	12,800,000	12,331,250	12,359,733	28,483
Other revenues	160,350	368,600	144,372	(224,228)
Total revenues	99,796,000	102,196,000	101,037,771	(1,158,229)
Expenditures				
General government:				
Attorney's office	1,176,080	1,239,663	1,253,205	13,542
City clerk	817,970	819,992	807,223	(12,769)
Council	531,380	555,759	535,403	(20,356)
Courts	4,423,100	4,823,257	4,696,338	(126,919)
Internal audit	148,335	149,549	146,946	(2,603)
Finance	9,767,420	9,423,800	9,395,336	(28,464)
Library rental	155,000	155,000	161,030	6,030
LEPFA support	1,143,408	1,143,408	1,143,408	-
Human resources	1,475,640	1,473,774	1,186,216	(287,558)
Mayor	629,730	648,970	633,988	(14,982)
Office of community media	253,570	260,229	244,620	(15,609)
Planning / neighborhood development	2,207,000	2,250,041	2,236,260	(13,781)
Budgetary savings from attrition	(800,000)	-	-	-
Total general government	21,928,633	22,943,442	22,439,973	(503,469)
Public safety:				
Police	30,029,430	30,928,002	30,626,730	(301,272)
Fire	26,541,930	28,238,191	28,069,367	(168,824)
Total public safety	56,571,360	59,166,193	58,696,097	(470,096)
Public works	6,054,830	6,104,398	6,225,177	120,779

continued...

CITY OF LANSING, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund
For the Year Ended June 30, 2012

		Original Budget		Final Budget		Actual		Actual Over (Under) Final Budget
Expenditures (concluded)								
Recreation and culture	$	6,944,900	$	6,877,368	$	6,996,074	$	118,706
Other functions:								
Human relations / community services		644,040		702,199		693,869		(8,330)
Human services / community support		1,581,400		2,004,732		1,848,876		(155,856)
Total other functions		2,225,440		2,706,931		2,542,745		(164,186)
Debt service		3,082,400		2,560,800		2,518,601		(42,199)
Total expenditures		96,807,563		100,359,132		99,418,667		(940,465)
Revenues over (under) expenditures		2,988,437		1,836,868		1,619,104		(217,764)
Other financing sources (uses)								
Transfers in		574,800		348,000		348,000		-
Transfers out		(3,569,237)		(4,210,077)		(3,223,597)		986,480
Proceeds on sale of capital assets		6,000		1,206,000		1,298,205		92,205
Total other financing sources (uses)		(2,988,437)		(2,656,077)		(1,577,392)		1,078,685
Net change in fund balance		-		(819,209)		41,712		860,921
Fund balance, beginning of year		5,330,487		5,330,487		5,330,487		-
Fund balance, end of year	$	5,330,487	$	4,511,278	$	5,372,199	$	860,921

concluded

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - State and Federal Programs
For the Year Ended June 30, 2012

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental	$ -	$ 32,166,265	$ 15,046,129	$ (17,120,136)
Charges for services	-	8,250	-	(8,250)
Interest and rents	-	4,848	907	(3,941)
Total revenues	-	32,179,363	15,047,036	(17,132,327)
Expenditures				
Other functions	-	28,755,896	15,456,519	(13,299,377)
Revenues over (under) expenditures	-	3,423,467	(409,483)	(3,832,950)
Other financing sources				
Transfers in	-	213,941	319,870	105,929
Proceeds on sale of capital assets	-	-	100,731	100,731
Total other financing sources	-	213,941	420,601	206,660
Net change in fund balance	-	3,637,408	11,118	(3,626,290)
Fund balance, beginning of year	3,616	3,616	3,616	-
Fund balance, end of year	$ 3,616	$ 3,641,024	$ 14,734	$ (3,626,290)

Note: This fund accounts for a variety of individual grant programs that are adopted as awarded. As the fund expenditures are adopted upon grant award during the fiscal year, there is no original budget required for this fund.

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

Proprietary Fund Financial Statements

Major Funds

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

The Municipal Parking System 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, beginning on the pages listed below:

Enterprise funds, page 135.
Internal service funds, page 141.

CITY OF LANSING, MICHIGAN

Statement of Net Assets
Proprietary Funds
June 30, 2012

	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	$ -	$ 340,645	$ 500	$ 341,145	$ -
Equity in pooled cash	5,968,578	2,022,019	1,143,751	9,134,348	1,402,985
Accounts receivable, net	4,781,736	839,217	542,838	6,163,791	2,194,674
Accrued interest receivable	-	97,077	-	97,077	-
Lease receivable, current	607,835	1,705,081	-	2,312,916	-
Inventories	85,529	-	128,220	213,749	904,071
Prepaids	-	33	-	33	504,216
Due from other funds	19,029,452	5,109,420	-	24,138,872	-
Restricted accounts receivable	-	117,763	-	117,763	-
Total current assets	30,473,130	10,231,255	1,815,309	42,519,694	5,005,946
Noncurrent assets:					
Restricted cash and cash equivalents	12,212,499	1,092,238	-	13,304,737	3,126,534
Advances to other funds	-	527,815	-	527,815	-
Lease receivable, net of current portion	10,962,849	11,029,891	-	21,992,740	-
Loans receivable	-	694,152	-	694,152	-
Bond issue costs, net	385,464	414,304	-	799,768	53,365
Capital assets not being depreciated	49,287,729	12,558,920	523,653	62,370,302	386,303
Capital assets being depreciated, net	315,707,089	23,913,279	3,157,606	342,777,974	6,327,114
Total non-current assets	388,555,630	50,230,599	3,681,259	442,467,488	9,893,316
Total assets	419,028,760	60,461,054	5,496,568	484,987,182	14,899,762
Liabilities					
Current liabilities:					
Accounts payable	1,119,844	130,686	92,983	1,343,513	1,713,548
Deposits payable	-	41,615	-	41,615	-
Accrued interest payable	1,040,440	170,938	6,725	1,218,103	29,032
Accrued payroll	44,889	21,988	14,053	80,930	64,736
Retainage payable	-	200	-	200	-
Claims incurred but not reported	-	-	-	-	897,523
Due to other funds	6,932,216	-	300,000	7,232,216	559,756
Unearned revenues	-	-	119,385	119,385	-
Bonds and notes payable, current portion	13,489,038	4,872,069	85,000	18,446,107	295,000
Compensated absences, current portion	4,238	59,186	7,422	70,846	31,638
Total current liabilities	22,630,665	5,296,682	625,568	28,552,915	3,631,233
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	165,201,195	35,930,317	388,933	201,520,445	3,485,207
Compensated absences, net of current portion	479,848	53,065	217,794	750,707	692,611
Total noncurrent liabilities	165,681,043	35,983,382	606,727	202,271,152	4,177,818
Total liabilities	188,311,708	41,280,064	1,232,295	230,824,067	7,809,051
Net assets					
Invested in capital assets, net of related debt	197,875,269	8,501,862	3,207,326	209,584,457	2,933,210
Restricted for debt retirement	11,172,059	-	-	11,172,059	3,126,534
Restricted for capital projects	-	1,210,001	-	1,210,001	-
Unrestricted	21,669,724	9,469,927	1,056,947	32,196,598	1,030,967
Total net assets	$ 230,717,052	$ 19,181,790	$ 4,264,273	$ 254,163,115	$ 7,090,711

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

CITY OF LANSING, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	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	$ 29,915,799	$ 6,858,606	$ 4,907,993	$ 41,682,398	$ 64,726,153
Operating expenses					
Personal services	5,939,376	1,947,486	3,508,548	11,395,410	6,165,927
Purchase of goods and services	6,623,287	2,522,106	2,379,102	11,524,495	58,723,499
Depreciation	9,282,577	2,189,756	132,032	11,604,365	1,620,630
Total operating expenses	21,845,240	6,659,348	6,019,682	34,524,270	66,510,056
Operating income (loss)	8,070,559	199,258	(1,111,689)	7,158,128	(1,783,903)
Nonoperating revenues (expenses)					
Interest revenue	262,712	8,355	-	271,067	8,041
Gain (loss) on sale of capital assets	-	(1,300,561)	-	(1,300,561)	123,066
Interest expense and fees	(4,991,357)	(2,832,028)	(29,042)	(7,852,427)	(151,225)
Other revenue	-	1,331,737	-	1,331,737	-
Total nonoperating revenues (expenses)	(4,728,645)	(2,792,497)	(29,042)	(7,550,184)	(21,118)
Income (loss) before contributions and transfers	3,341,914	(2,593,239)	(1,140,731)	(392,056)	(1,805,021)
Capital contributions - ARRA	2,683,657	-	-	2,683,657	-
Transfers in	-	-	780,924	780,924	-
Transfers out	(300,000)	-	(16,916)	(316,916)	-
Change in net assets	5,725,571	(2,593,239)	(376,723)	2,755,609	(1,805,021)
Net assets, beginning of year	224,991,481	21,775,029	4,640,996	251,407,506	8,895,732
Net assets, end of year	$ 230,717,052	$ 19,181,790	$ 4,264,273	$ 254,163,115	$ 7,090,711

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

Statement of Cash Flows

Proprietary Funds
For the Year Ended June 30, 2012

	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	$ 30,874,075	$ 7,120,802	$ 4,936,696	$ 42,931,573	$ -
Cash received from interfund services	-	-	-	-	65,278,625
Cash payments for goods and services	(9,016,081)	(2,893,347)	(2,185,764)	(14,095,192)	(60,061,031)
Cash payments to employees	(5,988,865)	(1,966,107)	(3,519,492)	(11,474,464)	(6,246,172)
Net cash provided by (used in) operating activities	15,869,129	2,261,348	(768,560)	17,361,917	(1,028,578)
Cash flows from noncapital financing activities					
Transfers in	-	-	780,924	780,924	-
Transfers out	(300,000)	-	(16,916)	(316,916)	-
Net cash provided by (used in) noncapital financing activities	(300,000)	-	764,008	464,008	-
Cash flows from capital and related financing activities					
Proceeds from sale of capital assets	-	33,016	-	33,016	123,056
Acquisition and construction of capital assets	(8,850,646)	(1,589,181)	-	(10,439,827)	(948,454)
Capital grants received	2,683,657	-	-	2,683,657	-
Cash received for finance charges	-	1,331,737		1,331,737	-
Principal paid on revenue and general obligation bonds	(12,690,000)	(4,420,000)	(80,000)	(17,190,000)	(150,000)
Interest paid on revenue and general obligation bonds	(4,865,456)	(1,609,004)	(28,573)	(6,503,033)	(147,057)
Proceeds from issuance of long-term debt	5,736,011	62,968	-	5,798,979	-
Payments received on capital lease	517,323	1,676,706	-	2,194,029	-
Net cash used in capital and related financing activities	(17,469,111)	(4,513,758)	(108,573)	(22,091,442)	(1,122,445)
Cash flows from investing activities					
Interest and dividends received	262,712	8,355	-	271,067	8,041
Loans made to others	-	(257,093)	-	(257,093)	-
Net cash provided by (used in) investing activities	262,712	(248,738)	-	13,974	8,041
Net decrease in cash and cash equivalents	(1,637,270)	(2,501,148)	(113,125)	(4,251,543)	(2,142,982)
Cash and cash equivalents, beginning of year	19,818,347	5,956,050	1,257,376	27,031,773	6,672,501
Cash and cash equivalents, end of year	$ 18,181,077	$ 3,454,902	$ 1,144,251	$ 22,780,230	$ 4,529,519
Reconciliation to statement of net assets					
Cash and cash equivalents	$ -	$ 340,645	$ 500	$ 341,145	$ -
Equity in pooled cash	5,968,578	2,022,019	1,143,751	9,134,348	1,402,985
Restricted cash and cash equivalents	12,212,499	1,092,238	-	13,304,737	3,126,534
	$ 18,181,077	$ 3,454,902	$ 1,144,251	$ 22,780,230	$ 4,529,519

continued...

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	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)	$	8,070,559	$	199,258	$	(1,111,689)	$	7,158,128	$	(1,783,903)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation expense		9,282,577		2,189,756		132,032		11,604,365		1,620,630
Change in assets and liabilities:										
Accounts receivable		(514,915)		315,264		28,703		(170,948)		552,472
Accrued interest receivable		-		12,781		-		12,781		-
Inventories		-		-		(34,017)		(34,017)		(73,830)
Prepaids		-		(33)		-		(33)		255,157
Due from other funds		(434,108)		(65,849)		-		(499,957)		-
Advances to other funds		-		(284,436)		-		(284,436)		-
Accounts payable		(1,878,410)		27,449		23,224		(1,827,737)		741,354
Deposits payable		-		16,084		-		16,084		-
Accrued interest payable		(36,176)		(1,358)		(1,100)		(38,634)		(2,675)
Accrued payroll		(49,489)		(18,621)		(10,944)		(79,054)		(750,384)
Claims incurred but not reported		-		-		-		-		(505,237)
Due to other funds		1,473,191		-		110,000		1,583,191		(1,100,000)
Advances from other funds		-		(80,531)		-		(80,531)		-
Due to other governments		(125,089)		-		-		(125,089)		-
Unearned revenues		-		-		(5,478)		(5,478)		-
Compensated absences		80,969		(48,416)		100,709		133,282		17,838
Net cash provided by (used in) operating activities	$	15,869,129	$	2,261,348	$	(768,560)	$	17,361,917	$	(1,028,578)

concluded

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

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Fiduciary Fund Financial Statement

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 post-employment 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, beginning on page 147.

CITY OF LANSING, MICHIGAN

Statement of Fiduciary Net Assets

Fiduciary Funds
June 30, 2012

	Pension and Other Postemployment Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	$ 7,994,961	$ -
Equity in pooled cash	-	59,163
Investments:		
Money market funds	4,338,031	
Government obligations	69,606,017	-
Corporate bonds	83,559,767	-
Common stocks	210,501,377	-
Mutual funds	91,794,523	-
Contribution receivable	1,603	-
Dividends and interest receivable	525,770	-
Total assets	468,382,049	$ 59,163
Liabilities		
Accounts payable	3,104,988	$ -
Undistributed receipts	-	59,163
Total liabilities	3,104,988	$ 59,163
Net assets held in trust for		
Pension benefits	417,961,994	
Other postemployment benefits	47,315,067	
Total net assets	$ 465,277,061	

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

CITY OF LANSING, MICHIGAN

Statement of Changes in Fiduciary Net Assets
Pension and Other Postemployment Benefit Trust Funds
For the Year Ended June 30, 2012

Additions	
Investment income:	
Net appreciation in fair value of investments	$ 8,255,693
Interest income	6,612,504
Dividend income	2,103,044
Investment expenses	(5,921)
Net investment income	16,965,320
Contributions:	
Employer	37,465,581
Plan members	3,982,539
Total contributions	41,448,120
Total additions	58,413,440
Deductions	
Participant benefits	65,201,176
Administrative expense	1,768,283
Total deductions	66,969,459
Net change in net assets held in trust	(8,556,019)
Net assets held in trust for pension and other postemployment benefits	
Beginning of year	473,833,080
End of year	$ 465,277,061

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

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COMPONENT UNITS

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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 four discretely presented component units:

Brownfield Redevelopment Authority
Tax Increment Finance Authority
Lansing Entertainment and Public Facilities Authority
Smart Zone

Complete financial statements for each of the individual component units, excluding Smart Zone, may be obtained from the entity's administrative offices. Separately-issued financial statements are not prepared for the Smart Zone.

Combining Statement of Net Assets
Discretely Presented Component Units
June 30, 2012

	Brownfield Redevelopment Authority	Tax Increment Finance Authority	Lansing Entertainment & Public Facilities Authority	Smart Zone	Totals
Assets					
Cash and cash equivalents	$ 948,980	$ 1,153,657	$ 276,874	$ -	$ 2,379,511
Receivables, net	812,575	-	320,432	-	1,133,007
Due from primary government	294,100	742,107	-	2,612	1,038,819
Inventories, prepaids and other assets	10,188	153,538	98,897	-	262,623
Restricted cash and cash equivalents	-	1,442,508	477,015	-	1,919,523
Capital assets being depreciated, net	-	-	64,786	-	64,786
Total assets	2,065,843	3,491,810	1,238,004	2,612	6,798,269
Liabilities					
Accounts payable and accrued liabilities	1,029,956	-	319,201	-	1,349,157
Accrued interest payable	29,476	15,625,319	-	-	15,654,795
Unearned revenues		-	328,493	-	328,493
Long-term debt:					
Due within one year	415,000	1,663,777	2,608	-	2,081,385
Due in more than one year	667,929	20,271,453	2,733	-	20,942,115
Total liabilities	2,142,361	37,560,549	653,035	-	40,355,945
Net assets					
Invested in capital assets, net of related debt	-	-	59,445	-	59,445
Unrestricted (deficit)	(76,518)	(34,068,739)	525,524	2,612	(33,617,121)
Total net assets (deficit)	$ (76,518)	$ (34,068,739)	$ 584,969	$ 2,612	$ (33,557,676)

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

Combining Statement of Activities
Discretely Presented Component Units
June 30, 2012

	Brownfield Redevelopment Authority	Tax Increment Finance Authority	Lansing Entertainment & Public Facilities Authority	Smart Zone	Totals
Expenses					
Brownfield redevelopment	$ 1,396,771	$ -	$ -	$ -	$ 1,396,771
Community development		4,333,465			4,333,465
Recreation and culture	-	-	6,495,770	-	6,495,770
Total expenses	1,396,771	4,333,465	6,495,770	-	12,226,006
Program revenues					
Charges for services	-	-	5,379,444	-	5,379,444
Operating grants and contributions	344,196	-	1,143,409	-	1,487,605
Total program revenues	344,196	-	6,522,853	-	6,867,049
Net program (expense) revenue	(1,052,575)	(4,333,465)	27,083	-	(5,358,957)
General revenues					
Property taxes	1,352,126	4,600,526	-	-	5,952,652
Unrestricted investment earnings	2,093	8,377	125	-	10,595
Total general revenues	1,354,219	4,608,903	125	-	5,963,247
Change in net assets	301,644	275,438	27,208	-	604,290
Net assets (deficit), beginning of year	(378,162)	(34,344,177)	557,761	2,612	(34,161,966)
Net assets (deficit), end of year	$ (76,518)	$ (34,068,739)	$ 584,969	$ 2,612	$ (33,557,676)

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

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NOTES TO FINANCIAL STATEMENTS

CITY OF LANSING, MICHIGAN

Index - 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 1998 Building Authority 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 City has four discretely presented component units, the Brownfield Redevelopment Authority, the Tax Increment Financing Authority, the Lansing Entertainment and Public Facilities Authority, and the Smart Zone, each with a fiscal June 30 year-end. The discretely presented component units are as follows:

The Brownfield Redevelopment Authority was established by the City on August 17, 1997, under the authority contained in Act 381, Michigan Public Acts of 1996 (the "Act"). The Act authorizes the City to establish and to designate the boundaries of a Brownfield redevelopment zone. The 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 Brownfield Redevelopment Authority to participate in a broad range of improvement activities intended to encourage the reuse of industrial and commercial property by offering economic incentives for redevelopment to prevent property value deterioration. Tax increment financing plans must be approved by the City.

Tax increment financing permits the Brownfield Redevelopment Authority to capture tax revenues which are attributable to increases in the value of real and personal property located within an approved project area. Current activities of the Brownfield Redevelopment Authority 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 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.

The Lansing Regional SmartZone ("SmartZone") was established by the City of Lansing and the City of East Lansing under the authority contained in Act 281, Public Act of Michigan of 1986 ("Act 281"). Act 281 authorizes the Cities to create a multi-jurisdictional local development finance authority. The SmartZone shall be known and exercise its powers under title of the Local Development Finance Authority of the Cities of Lansing and East Lansing. The SmartZone is fiscally dependent on the City of Lansing; the City approves the annual budget and is responsible for managing the SmartZone. The SmartZone was created in order to eliminate the conditions of unemployment, underemployment and joblessness, and to promote economic growth in the City. The SmartZone's Board of Commissioners consists of seven members, three of which are appointed by the City of Lansing, three are appointed by the City of East Lansing, and one is appointed by the Ingham County Board of Commissioners.

Component Unit Financial Statements

Complete financial statements for the individual component units may be obtained from each entity's administrative offices. Separate financial statements are not prepared for the Smart Zone.

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

Brownfield Redevelopment Authority / Tax Increment Finance Authority
500 E. Michigan Avenue, Suite 202
Lansing, Michigan 48912

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

Government-Wide and Fund Financial Statements

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The City reports the following major governmental funds:

General fund. This fund is the City's primary operating fund. It accounts and reports all financial resources not accounted for and reported in another fund.

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

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.

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.

The *permanent fund* accounts 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, and health care self-insurance services.

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 trustee or agent capacity for the 54-A District Court.

Government-wide, proprietary and fiduciary fund financial statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Property taxes are recognized as revenues in the year for which they are levied. After March 1, any delinquent taxes on real property are paid by the county which is responsible for collecting any outstanding taxes on real property as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

Governmental fund financial statements. Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. 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. Property taxes, income taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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.

Assets, liabilities and net assets/equity

Deposits and investments

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

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

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

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

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

Receivables and payables

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

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

Certain restricted receivables in business type funds are for an external agreement related to the effective sale of land.

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.

Inventories, prepaids and other assets

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Costs related to the issuance of long-term debt are amortized over the term of the related debt on a straight-line basis.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since June 30, 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets that are used for governmental activities are only reported in the government-wide statements. Infrastructure ("public domain") assets, including roads, bridges, sanitary sewers, drains, curbs, and gutters are capitalized. With this measurement focus, all assets and liabilities (whether current or noncurrent) associated with the operations of these funds are included on the government-wide statement of net assets.

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

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

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

Compensated absences

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

Long-term obligations

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

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

Fund equity

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 currently has no assigned fund balance, as the City Council has not yet given the authority for the making of such assignments. 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 government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

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. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing on the proposed use of funds is held by the Mayor, and a public hearing on the annual appropriations as proposed by the City Council is held no later than one week prior to adoption of the annual appropriation measure.
- Not later than the third Monday in May, the Council adopts a budget for the ensuing fiscal year, makes an appropriation of the money needed therefore, and sets the property tax rate necessary to support the appropriations measure.
- 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 except for the state and federal programs special revenue fund which is adopted on a project basis. The legal level of budgetary control is the activity level. The mandatory accounts are personal services, supplies and operating expense, capital outlay, debt service, transfers and contingency. Transfers of appropriations between the mandatory accounts require the approval of the City Council. However, the Mayor may authorize budget transfers between mandatory accounts in a department, but the additional amount may not exceed fifteen (15%) of the Council's appropriation being added to, or five thousand dollars, whichever is less.

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, 2012.
- Appropriations lapse at year-end for all annual budgets. Appropriations are automatically carried forward for project-type budgets.

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, 2012, 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:			
Attorney's office	$ 1,239,663	$ 1,253,205	$ 13,542
Library rental	155,000	161,030	6,030
Recreation and culture	6,877,368	6,996,074	118,706
Building department:			
General government	1,928,569	1,949,109	20,540
Tri-County Metro:			
Public safety	911,036	1,156,805	245,769

3. DEFICIT FUND EQUITY

Governmental activities reported a deficit in unrestricted net assets in the amount of $34,371,855 at June 30, 2012. Total net assets amounted to a positive $143,875,978.

The drug law enforcement special revenue fund reported a deficit fund balance of $74,746. This deficit will be eliminated in future periods through normal operations.

The special assessments capital projects fund reported a deficit fund balance of $469,028. 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 Brownfield Redevelopment Authority and the Tax Increment Finance Authority reported deficits in unrestricted net assets of $76,518 and $34,068,739, respectively, at June 30, 2012. These deficits are a result of full-accrual accounting for long-term debt, without reflect 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, 2012:

	Primary Government	Component Units	Totals
Statement of net assets			
Cash and investments	$ 27,867,820	$ 2,379,511	$ 30,247,331
Restricted cash and investments	16,431,271	1,919,523	18,350,794
Statement of fiduciary net assets			
Pension and OPEB trust funds:			
Cash and cash equivalents	7,994,961		7,994,961
Investments	459,859,715	-	459,859,715
Agency funds:			
Equity in pooled cash	59,163	-	59,163
Total	$ 512,212,930	$ 4,299,034	$ 516,511,964

Deposits and investments	
Bank deposits:	
Checking/savings accounts	$ 55,333,214
Investment in securities and mutual funds:	
Pooled investments	1,224,176
Pension and OPEB investments	459,859,715
Cash on hand	94,859
Total	$ 516,511,964

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, $55,643,424 of the City's bank balance of $56,663,611 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

Custodial Credit Risk - Investments. As of June 30, 2012, the City's pooled investments consisted entirely of mutual funds totaling $1,224,176.

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	$ 1,001
Unrated	1,223,175
Total	$ 1,224,176

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. Maturity dates for investments held at year-end are summarized as follows:

Due in 1 to 5 years	$ 1,223,175
No maturity	1,001
Total	$ 1,224,176

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.

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 assets 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, 2012:

	Employees Retirement System	Police and Fire Retirement System	Employees Money Purchase Pension Plan	Retiree Health Care VEBA	Totals
Investments at fair value, as determined by quoted market price					
U.S. treasuries:					
Not on securities loan	$ 2,030,272	$ 4,618,950	$ -	$ -	$ 6,649,222
On securities loan	2,426,586	1,695,698	-	-	4,122,284
U.S. agencies:					
Not on securities loan	21,631,066	24,591,463	-	-	46,222,529
On securities loan	16,418	1,738,432	-	-	1,754,850
Foreign government bonds:					
Not on securities loan	156,758	335,910	-	-	492,668
Domestic corporate securities:					
Not on securities loan	27,167,545	36,151,525	-	-	63,319,070
Domestic equities:					
Not on securities loan	32,387,224	53,273,657	-	-	85,660,881
On securities loan	15,937,485	19,392,413	-	-	35,329,898
International equities:					
Not on securities loan	206,464	307,195	-	-	513,659
Real estate investment funds	9,889,066	11,988,944	-	-	21,878,010
Equity mutual funds	-	6,625,598	-	-	6,625,598
International equity mutual funds	33,875,917	51,860,230	-	411,435	86,147,582
Domestic equity mutual funds	29,859,466	47,958,773	1,677,938	6,798,192	86,294,369
Domestic debt securities mutual funds	-	-	-	6,187,343	6,187,343
Money market funds	1,764,550	6,282,202	-	615,000	8,661,752
Total investments	$ 177,348,817	$ 266,820,990	$ 1,677,938	$ 14,011,970	$ 459,859,715

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
AA	$ 1,410,158	$ 2,363,670	$ -	$ -	$ 3,773,828
Not rated	27,143,962	41,361,287	-	-	68,505,249
Assets not subject to credit risk	148,794,697	223,096,033	1,677,938	14,011,970	387,580,638
	$ 177,348,817	$ 266,820,990	$ 1,677,938	$ 14,011,970	$ 459,859,715

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, 2012, the pension and other postemployment benefits investment portfolio was concentrated as follows:

Investment Type	Issuer	Employees' Retirement System	Police and Fire Retirement System
Common stock	Northern Trust Bank, N.A.	16.8%	18.0%
Corporate bonds	Western Asset Funds, Inc.	15.3%	13.5%
U.S. agencies	Federal National Mortgage Association	6.0%	5.0%

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. dollars)	Employees' Retirement System	Police and Fire Retirement System	Retiree Health Care VEBA	Totals
International equities:				
Canada	$ 186,628	$ 277,441	$ -	$ 464,069
Israel	19,836	29,754	-	49,590
Foreign government bonds:				
Egypt	156,758	335,910	-	492,668
International equity mutual funds	33,875,917	51,860,230	411,435	86,147,582
Total	$ 34,239,139	$ 52,503,335	$ 411,435	$ 87,153,909

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, 2012, maturities of the City's pension and other postemployment benefits trust debt securities 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. treasuries	$ -	$ -	$ -	$ 4,456,858	$ 4,456,858
U.S. agencies	1,516	2,926,990	4,163,818	14,555,160	21,647,484
International government bonds	-	156,758	-	-	156,758
Domestic corporate securities	27,167,545	-	-	-	27,167,545
Total	$ 27,169,061	$ 3,083,748	$ 4,163,818	$ 19,012,018	$ 53,428,645
Police and Fire Retirement System					
U.S. treasuries	$ -	$ -	$ 642,158	$ 5,672,490	$ 6,314,648
U.S. agencies	2,640	3,661,036	5,474,739	17,191,480	26,329,895
International government bonds	-	335,910	-	-	335,910
Domestic corporate securities	35,931,385	220,140	-	-	36,151,525
Total	$ 35,934,025	$ 4,217,086	$ 6,116,897	$ 22,863,970	$ 69,131,978

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 percent of the fair value of the securities lent, and may not fall below 95 percent of the market value of the loaned security during the term of the loan. At all times, collateral cannot be more than $100,000 less than the market value of the loaned security. There are no restrictions on the amount of securities that can be loaned.

Securities on loan at year-end are classified in the preceding schedule of custodial credit risk according to the category for the collateral received on the securities lent. At year-end, the pension trust funds have no credit risk exposure to borrowers because the collateral held by the custodians exceeds the market value of the related securities lent. At June 30, 2012, the fair value of securities on loan by the Employees' Retirement System and the Police and Fire Retirement System were $18,350,567 and $22,826,542, respectively, for which the Plans' received cash collateral of $18,521,263 and $22,994,803, 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.

5. RECEIVABLES

Receivables are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	$ 18,782,495	$ 7,010,438	$ 408,646
Taxes receivable	463,964	-	-
Special assessments receivable	690,559	-	-
Loans receivable	1,436,170	694,152	400,000
Accrued interest receivable	2,009,367	97,077	-
Due from other governments	13,949,537		324,361
Lease receivable	-	24,305,656	-
Allowance for uncollectible accounts	(807,665)	(846,647)	-
	$ 36,524,427	$ 31,260,676	$ 1,133,007
Amount not expected to be collected within one year	$ 4,010,024	$ 22,686,892	$ 400,000

6. DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All governmental activities defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue reported in governmental funds were as follows:

	Unavailable	Unearned	Total
Governmental funds			
Ambulance fees receivable	$ 1,377,592	$ -	$ 1,377,592
Nuisance fees receivable	689,379	-	689,379
Loans receivable	1,236,170	-	1,236,170
Interest on loans receivable	2,009,367	-	2,009,367
Special assessments receivable	615,657	-	615,657
Tax settlement receivable	114,137	-	114,137
Grant funds received in advance	-	721,164	721,164
Total	$ 6,042,302	$ 721,164	$ 6,763,466

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 24,776,106	$ 321,407	$ (12,530)	$ -	$ 25,084,983
Construction in progress	8,755,853	331,006	(1,674,393)	(7,081,460)	331,006
	33,531,959	652,413	(1,686,923)	(7,081,460)	25,415,989
Capital assets, being depreciated:					
Land improvements	13,447,951	-	-	2,403,028	15,850,979
Equipment and vehicles	44,063,772	743,633	(1,996,394)	-	42,811,011
Buildings	113,723,204	-	-	4,678,432	118,401,636
Infrastructure	302,437,062	2,548,712	(4,671,284)	-	300,314,490
	473,671,989	3,292,345	(6,667,678)	7,081,460	477,378,116
Less accumulated depreciation for:					
Land improvements	(6,369,244)	(505,472)	-	-	(6,874,716)
Equipment and vehicles	(35,247,104)	(2,161,154)	1,996,394	-	(36,411,864)
Buildings	(60,781,934)	(3,315,574)	-	-	(64,097,508)
Infrastructure	(187,564,643)	(14,732,048)	4,140,767	-	(198,155,924)
	(290,962,925)	(20,714,248)	6,137,161	-	(305,540,012)
Total capital assets being depreciated, net	182,709,064	(17,421,903)	(530,517)	7,081,460	171,838,104
Governmental activities capital assets, net	$ 216,241,023	$ (16,769,490)	$ (2,217,440)	$ -	$ 197,254,093

At June 30, 2012, the City's governmental activities had outstanding commitments through construction contracts of approximately $2,267,000.

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets, not being depreciated:					
Land	$ 13,730,508	$ 33,015	$ (260,202)	$ -	$ 13,503,321
Construction in progress	41,019,361	8,397,624	-	(550,004)	48,866,981
	54,749,869	8,430,639	(260,202)	(550,004)	62,370,302
Capital assets, being depreciated:					
Land improvements	23,595,072	210,193	(48,515)	463,182	24,219,932
Equipment and vehicles	5,657,510	87,840	(71,794)	-	5,673,556
Buildings	200,794,433	1,317,844	(1,160,738)	-	200,951,539
Sewers	301,301,963	393,311	-	86,822	301,782,096
	531,348,978	2,009,188	(1,281,047)	550,004	532,627,123
Less accumulated depreciation for:					
Land improvements	(10,911,672)	(584,859)	30,714	-	(11,465,817)
Equipment and vehicles	(5,056,935)	(214,516)	71,794	-	(5,199,657)
Buildings	(100,608,970)	(4,635,292)	105,164	-	(105,139,098)
Sewers	(61,874,879)	(6,169,698)	-	-	(68,044,577)
	(178,452,456)	(11,604,365)	207,672	-	(189,049,149)
Total capital assets being depreciated, net	352,896,522	(9,595,177)	(1,073,375)	550,004	342,777,974
Business-type activities capital assets, net	$ 407,646,391	$ (1,164,538)	$ (1,333,577)	$ -	$ 405,148,276

At June 30, 2012, the City's business-type activities had outstanding commitments through construction contracts of approximately $4,074,000.

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

Depreciation of governmental activities by function	
General government	$ 470,267
Public safety	548,052
Public works	14,743,433
Recreation and culture	1,617,963
Community development	1,713,903
Internal service funds	1,620,630
Total depreciation expense - governmental activities	$ 20,714,248

Depreciation of business-type activities by function	
Sewage disposal system	$ 9,282,577
Municipal parking system	2,189,756
Golf	93,294
Other	38,738
Total depreciation expense - business-type activities	$ 11,604,365

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	$ 7,292,146	$ 1,343,513	$ 1,349,157
Deposits payable	80,734	41,615	-
Accrued payroll	1,728,003	80,930	-
Contract retainage payable	1,118,078	200	-
Due to other governments	1,774,[illegible]17	-	-
Other	1,270,092	-	-
	$ 13,263,170	$ 1,466,258	$ 1,349,157

9. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2012, was as follows:

Due to and from primary government funds

	Due from Other Funds	Due to Other Funds
General fund	$ 9,619,879	$ 22,754,942
State and federal programs	-	4,270,000
Nonmajor governmental funds	3,034,[illegible]51	1,935,988
Sewage disposal system	19,029,452	6,932,216
Municipal parking system	5,109,420	-
Nonmajor enterprise funds	-	300,000
Internal service funds	-	599,756
Total	$ 36,792,902	$ 36,792,902

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	$ -	$ 527,815
Municipal parking system	527,815	-
Total	$ 527,815	$ 527,815

Due to and from component units

	Due from Primary Government	Due to Component Unit
General fund	$ -	$ 1,038,819
Brownfield Redevelopment Authority	294,100	-
Tax Increment Finance Authority	742,107	-
Smart Zone	2,612	-
Total	$ 1,038,819	$ 1,038,819

For the year ended June 30, 2012, interfund transfers consisted of the following:

	Transfers In				
Transfers Out	General fund	State and federal programs	Nonmajor governmental funds	Nonmajor enterprise funds	Total
General fund	$ -	$ 246,451	$ 2,804,088	$ 173,058	$ 3,223,597
Nonmajor governmental funds	48,000	73,419	4,405,005	607,866	5,134,290
Sewage disposal system	300,000	-	-	-	300,000
Nonmajor enterprise funds	-	-	16,916	-	16,916
Total	$ 348,000	$ 319,870	$ 7,226,009	$ 780,924	$ 8,674,803

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.

10. LONG-TERM DEBT

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

	Interest Rate	Original Amount	Amount
General obligation bonds			
Governmental activities:			
2006 Lansing Center Limited Tax Bonds	3.50-4.30%	$ 4,000,000	$ 2,800,000
2005 Building Authority Refunding Bonds	3.50-5.00%	1,470,000	880,000
2007 Michigan Transportation Fund Limited Tax Bonds	3.625-5.00%	1,137,600	630,000
2007 Michigan Transportation Fund Limited Tax Bonds	3.625-5.00%	3,602,400	1,995,000
2007 Fire Station Refunding Bonds	3.625-5.00%	1,780,000	1,385,000
2008 Michigan Transportation Fund Limited Tax Bonds	3.00-4.00%	3,500,000	2,750,000
2009 Capital Improvement Bonds - Limited Tax General	3.15-6.85%	10,197,000	9,927,000
2010 Recovery Zone Economic Development Bonds	3.40-7.25%	3,200,000	3,200,000
2010 Refunding Bonds - Limited Tax General Obligation	2.60-2.65%	2,470,000	2,160,000
		$ 31,357,000	$ 25,727,000
Business-type activities:			
1990 Building Authority Municipal Parking System Limited Taxable Bond	0.00%	$ 64,635,000	$ 7,845,000
2003 Building Authority A Municipal Parking System Limited Taxable Bond	3.00-4.35%	10,340,000	1,050,000
2003 Building Authority B Municipal Parking System Taxable Bond	3.85-6.25%	8,660,000	7,100,000
2005 Building Authority Refunding Bonds	3.50-5.00%	15,975,000	10,655,000
2007 Building Authority Refunding Bonds	3.625-5.00%	7,965,000	7,835,000
1996 Building Authority Golf Course Limited Tax Bond	3.80-5.70%	1,300,000	475,000
1992 Limited Tax Sewer Bond - 5005-01	2.50%	7,128,800	845,000
1993 Limited Tax Sewer Bond - 5005-02	2.50%	3,150,050	1,380,000
1994 Limited Tax Sewer Bond - 5005-03	2.50%	3,234,722	725,000
1994 Limited Tax Sewer Bond - 5005-04	2.00%	3,727,138	532,138
1994 Limited Tax Sewer Bond - 5005-05	2.25%	515,969	35,000
1994 Limited Tax Sewer Bond - 5005-06	2.25%	7,595,611	1,320,000
1996 Limited Tax Sewer Bond - 5005-07	2.25%	3,365,073	965,073
1996 Limited Tax Sewer Bond - 5005-08	2.25%	3,995,000	1,390,000
1997 Limited Tax Sewer Bond - 5005-09	2.25%	4,746,780	1,866,780
1998 Limited Tax Sewer Bond - 5005-10	2.25%	10,539,950	4,704,950
1999 Limited Tax Sewer Bond - 5005-11	2.50%	10,120,000	4,665,000
2000 Limited Tax Sewer Bond - 5005-12	2.50%	9,447,830	4,767,830
2001 Limited Tax Sewer Bond - 5005-13	2.50%	10,573,046	5,883,046
2002 Limited Tax Sewer Bond - 5005-14	2.50%	12,381,131	7,996,131
2003 Limited Tax Sewer Bond - 5005-15	2.50%	10,259,826	7,125,688
2004 Limited Tax Sewer Bond - 5005-16	2.13%	3,070,277	2,802,649

	Interest Rate	Original Amount	Amount
General obligation bonds			
Business-type activities (concluded):			
2005 Limited Tax Sewer Bond - 5005-17	2.13%	$ 4,739,023	$ 5,773,778
2005 Limited Tax Sewer Bond - 5005-18	1.63%	13,389,371	10,169,371
2006 Limited Tax Sewer Bond - 5005-19	1.63%	18,216,346	14,916,346
2007 Limited Tax Sewer Bond - 5005-20	1.63%	24,244,726	20,864,726
2008 Limited Tax Sewer Bond - 5005-21	2.50%	27,500,453	25,200,453
2009 Limited Tax Sewer Bond - 5005-22	2.50%	15,615,000	13,176,527
2010 Limited Tax Sewer Bond - 5411-01	2.50%	2,095,468	2,095,468
2009 Capital Improvement Bonds	4.10-7.05%	9,803,000	9,803,000
2009 Building Authority Refunding Bonds	6.014-6.584%	8,161,691	8,161,691
		$ 341,491,281	$ 192,125,645

At year end, defeased bonds outstanding consisted of $7,485,000 of the 2003 Building Authority Municipal Parking System Limited Tax Bonds, scheduled to be paid by the escrow agent on June 1, 2013; $4,575,000 of 1990 Building Authority Bonds, scheduled to be paid by the escrow agent in installments on June 1 of years 2013 through 2015; $10,415,000 of 1990 Tax Increment Finance Authority Bonds, scheduled to be paid by the escrow agent in installments on May 1 of years 2016 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			
2003 Sewer Revenue and Refunding Bond	2.50%	$ 39,880,000	$ 27,725,000
2010 Sewage Disposal System Refunding Bond	1.76%	2,685,000	1,800,000
		$ 42,565,000	$ 29,525,000

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:			
2005 Lease Purchase Agreement - LEPFA Carpet	4.51%	$ 126,418	$ 44,294
2005 Lease Purchase Agreement - LEPFA Equipment	4.24%	81,500	32,562
2001 Lease Purchase Agreement - O&M Facility	5.35%	1,925,000	610,000
2006 Lease Purchase Agreement - Energy Efficiencies	4.20%	6,217,227	5,727,485
2006 Lease Purchase Agreement - Oldsmobile Park	6.86%	2,000,000	1,000,000
2007 Lease Purchase Agreement - Oldsmobile Park	5.72%	1,000,000	500,000
2007 Lease Purchase Agreement - Phone System	4.22%	518,000	279,275
		$ 11,868,145	$ 8,193,616

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:			
2004 Michigan Department of Transportation Loan	3.00%	$ 1,266,000	$ 512,577
Business-type activities			
2003 MEDC loan	3.93%	$ 4,180,000	$ 1,637,177

Changes in long-term debt. Long-term liability activity for the year ended June 30, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	$ 27,687,000	$ -	$ 1,960,000	$ 25,727,000	$ 2,145,000
Installment purchase agreements	9,564,693	-	1,371,077	8,193,616	1,189,546
Loans payable	779,580	-	267,003	512,577	165,834
Total installment debt	38,031,273		3,598,080	34,433,193	3,500,380
Compensated absences	10,927,004	10,601,091	10,927,004	10,601,091	729,154
Accrued workers compensation	6,861,277	1,454,735	1,184,775	7,131,238	1,184,775
Accrued tax settlement	260,805	-	52,161	208,644	52,161
Deferred amounts:					
For issuance discounts	(107,153)	-	(6,833)	(100,320)	(5,178)
For issuance premiums	224,377	-	34,143	190,234	34,143
On refunding	(108,104)		(13,666)	(94,438)	(13,666)
	$ 56,089,479	$ 12,055,827	$ 15,775,664	$ 52,369,642	$ 5,481,769

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
General obligation bonds	$ 200,539,634	$ 5,736,011	$ 14,150,000	$ 192,125,645	$ 14,769,038
Revenue bonds	32,565,000	-	3,040,000	29,525,000	3,160,000
Loans payable	1,574,209	62,968	-	1,637,177	517,069
Total installment debt	234,678,843	5,798,979	17,190,000	223,287,822	18,446,107
Compensated absences	688,271	821,553	688,271	821,553	70,846
Deferred amounts:					
For issuance discounts	(3,856,515)	-	(981,895)	(2,874,620)	-
For issuance premiums	961,874	-	66,058	895,816	-
On refunding	(1,678,019)	-	(335,553)	(1,342,466)	-
	$ 230,794,454	$ 6,620,532	$ 16,626,881	$ 220,788,105	$ 18,516,953

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
2013	$ 3,500,380	$ 1,497,263	$ 4,997,643	$ 18,446,107	$ 6,202,551	$ 24,648,658
2014	3,635,354	1,343,629	4,978,983	18,721,746	5,772,386	24,494,132
2015	3,030,852	1,181,105	4,211,957	16,561,855	5,315,899	21,877,754
2016	2,976,841	1,066,776	4,043,617	14,150,193	4,917,312	19,067,505
2017	2,991,313	947,027	3,938,340	13,829,597	4,521,088	18,350,685
2018-2022	11,088,453	3,139,260	14,227,713	69,841,537	16,639,186	86,480,723
2023-2027	4,770,000	1,357,617	6,127,617	53,258,736	7,311,076	60,569,812
2028-2032	2,440,000	218,124	2,658,124	16,948,051	1,306,435	18,254,486
2033-2034	-	-	-	1,530,000	106,085	1,636,085
	$ 34,433,193	$ 10,750,801	$ 45,183,994	$ 223,287,822	$ 52,092,018	$ 275,379,840

11. FUND BALANCES - GOVERNMENTAL FUNDS

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

	General Fund	State and Federal Programs	Nonmajor Governmental Funds	Totals
Nonspendable:				
Inventories	$ 46,418	$ -	$ 1,168,711	$ 1,215,129
Prepaids	46,120	-	-	46,120
Corpus of permanent fund	-	-	1,683,293	1,683,293
Total nonspendable	92,538	-	2,852,004	2,944,542
Restricted for:				
Donations	16,256	-	-	16,256
Major and local streets	-	-	3,923,799	3,923,799
Drug law and narcotics enforcement	-	-	708,797	708,797
Various state and federal grants	-	14,734	-	14,734
Shopping district events and maintenance	-	-	21,266	21,266
Capital improvements (unexpended bond proceeds)	-	-	897,825	897,825
Total restricted	16,256	14,734	5,551,687	5,582,677
Committed for:				
Ordinance	65,373	-	-	65,373
City parks	-	-	467,123	467,123
Capital improvements	-	-	3,642,008	3,642,008
Total committed	65,373	-	4,109,131	4,174,504
Unassigned (deficit)	5,198,032	-	(543,774)	4,654,258
Total fund balances-governmental funds	$ 5,372,199	$ 14,734	$ 11,969,048	$ 17,355,981

12. NET ASSETS INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT

The composition of net assets invested in capital assets, net of related debt as of June 30, 2012, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	$ 25,415,989	$ 62,370,302	$ -
Capital assets being depreciated, net	171,838,104	342,777,974	64,786
Total capital assets	197,254,093	405,148,276	64,786
Related debt:			
General obligation bonds	25,727,000	192,125,645	415,000
Revenue bonds	-	29,525,000	14,453,339
Installment purchase agreements	8,193,616	-	12,740,311
Loans payable	512,577	[illegible],637,177	667,929
Unamortized bond discounts	(100,320)	(2,874,620)	(114,735)
Unamortized bond premiums	190,234	895,816	-
Deferred loss on bond refunding	(94,438)	([illegible],342,466)	(5,138,344)
Amounts under leases receivable	-	(24,305,656)	-
Amounts under leases receivable - accrued interest	-	(97,077)	-
Amounts related to non-capital debt	-	-	(23,018,159)
Unexpended bond proceeds	(897,825)	-	-
Total related debt	33,530,844	195,563,819	5,341
Net assets invested in capital assets, net of related debt	$ 163,723,249	$ 209,584,457	$ 59,445

13. 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.

14. RISK MANAGEMENT

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

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

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

The City is self-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 amounts 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,	
	2012	2011
Estimated liability, beginning of year	$ 1,402,760	$ 2,127,406
Estimated claims incurred, including changes in estimates	12,051,055	18,550,874
Claim payments	(12,556,292)	(19,275,470)
Estimated liability, June 30, 2012	$ 897,523	$ 1,402,760

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

	Fiscal Year Ended June 30,	
	2012	2011
Estimated liability, beginning of year	$ 6,861,277	$ 5,523,504
Estimated claims incurred, including changes in estimates	1,454,736	2,656,055
Claim payments	(1,184,775)	(1,318,282)
Estimated liability, June 30, 2012	$ 7,131,238	$ 6,861,277

15. 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 $19.198 per $1,000 of assessed valuation for general operations other than the payment of principal and interest on long-term debt. The tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2012 was $15.44 per $1,000 of taxable value.

16. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

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

17. PENSION PLANS

Employees' Retirement System

The City sponsors and administers the Employees' Retirement System (the "Plan"), a single-employer, defined-benefit pension plan. It is accounted for as a separate pension trust fund. No stand-alone financial reports are issued. It covers general full-time employees of the City of Lansing and employees of the 54-A District Court. It does not include elected officials, who are members of the Employees' Money Purchase Pension Plan, nor does it include police officers and firefighters, who are members of a separate City pension plan. The payroll for employees covered by the plan for the year ended December 31, 2011, was $26,068,735; the City's total payroll was $51,197,570. Administration of the plan is funded through the general fund.

As of December 31, 2011, employee membership data was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	844
Active members:	
Vested	361
Nonvested	120
	481

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. For all members, annual regular retirement allowances are determined by multiplying total credited service times 1.8% to 2.75% times final average compensation. Final average compensation is the member's highest wages for two consecutive years during the last 10 years. Retirement options that provide for survivor benefits are available to members. The plan also provides death and disability benefits. If a member leaves employment or dies before vesting, accumulated member contributions plus interest are refunded to the member or designated beneficiary. Members who are vested and terminate their employment have the option of deferring retirement benefits until age 58 or withdrawing their contribution, thereby forfeiting any future benefits.

Active members contribute between 5.5% and 6.5% of wages as determined by individual labor agreements. Chapter 292 of the City of Lansing's Code of Ordinances establishes benefit provisions and requires that the annuity and pension reserves (which are determined annually by the City's actuary) not financed by member contributions shall be financed by annual appropriations.

The City's funding policy provides for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2012, was determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a closed period of 30 years.

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

Plan valuation assets are equal to the reported market value of assets except that only 20% of the difference between the mark-to-market rate of return and the 7.8% actuarial rate of return is recognized each year. This five year smoothing method reduces the fluctuation in the City's computed contribution rate which might otherwise be caused by market value fluctuations. The entry-age actuarial cost method is used to determine plan liabilities. Significant actuarial assumptions used in determining the entry-age actuarial accrued liability include (a) a rate of return on investments of 7.8% per year compounded annually (b) projected salary increases of 3.56% to 5.37% per year (including 3.3% attributable to inflation) depending on age attributable to seniority/merit and (c) assumption that benefits generally will not increase after retirement.

During the year ended June 30, 2012, total contributions of $8,988,280 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 2010. The City contributed $7,523,535 (28.86% of projected valuation payroll), excluding contributions for health insurance; employees contributed $1,464,745 (5.62% of projected valuation payroll). The City's contribution consisted of (a) $1,955,155 normal cost (7.5% of projected valuation payroll) and (b) $5,568,380 amortization of the unfunded actuarial accrued liability (21.36% of projected valuation payroll).

At December 31, 2011, the unfunded actuarial accrued liability was determined as follows:

Actuarial accrued liability for:	
Active participants (361 vested and 120 non-vested)	$ 58,111,273
Retired participants and beneficiaries currently receiving benefits (844 recipients)	207,928,773
Vested terminated participants not yet receiving benefits (67)	5,507,600
Member benefit reserve	15,759,061
Total actuarial accrued liability	287,306,707
Actuarial value of assets (smoothed market value) *	177,100,863
Unfunded actuarial accrued liability	$ 110,205,844

* Excluding reserve for health insurance

For the fiscal year ending June 30, 2012, the annual required contribution of $7,596,879 exceeded the actual City contribution, resulting in a net pension obligation of $62,909.

Annual required contribution	$ 7,596,879
Interest on net pension asset	(814)
Adjustment to annual required contribution	557
Annual net pension cost	7,596,622
Contributions made	(7,523,535)
Change in net pension obligation	73,087
Net pension asset, beginning of year	(10,178)
Net pension obligation, end of year	$ 62,909

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Three-Year Trend Information (amounts in thousands)			
Years Ended June 30	Annual Pension Cost (APC)	Percentage Contributed	Net Pension (Asset) Obligation
2010	$ 6,462	94%	$ (10) [1]
2011	7,297	100%	(10)
2012	7,597	99%	63 [2]

(1) The City contributed in excess of its fiscal year 2009 ARC. The City's fiscal year 2010 contribution was reduced by the dollar amount of the fiscal year 2009 overpayment.

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

Police and Fire Retirement System

The City sponsors and administers the Police and Fire Retirement System (the "Plan"), a single-employer defined-benefit pension plan. It is accounted for as a separate pension trust fund. No stand-alone financial reports are issued. It covers all police officers and firefighters who are full-time employees of the City. The City's payroll for employees covered by the plan for the year ended December 31, 2011, was $25,128,835, the City's total payroll was $51,197,570. Administration of the plan is funded through the general fund.

As of December 31, 2011, employee membership data related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	671
Active members:	
Vested	280
Nonvested	82
	362

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

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

Fire members are required to contribute 9.08% of their annual wages to the plan. Police supervisors are required to contribute 9.52% and police non-supervisors, 8.50%. Chapter 294 of the City of Lansing's Ordinance establishes benefit provisions and requires that the portion of the annuity and pension reserves (which are determined annually by the City's actuary) not financed by member contributions shall be financed by annual appropriations.

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

The City's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2012, was determined using an entry age actuarial funding method. Unfunded actuarial accrued liabilities are being amortized as a level percent of payroll over a closed period of 30 years.

Plan valuation assets are equal to the reported market value of assets except that only 20% of the difference between the mark-to-market rate of return and the 7.8% actuarial rate of return is recognized each year. This five year smoothing method reduces the fluctuation in the City's computed contribution rate which might otherwise be caused by market value fluctuations. The entry-age actuarial cost method is used to determine plan liabilities. Significant actuarial assumptions used in determining the entry-age actuarial accrued liability include (a) a rate of return on investments of 7.8% per year compounded annually (b) projected salary increases of 4.1% to 10.5% (including 3.3% attributable to inflation) depending on age attributable to seniority/merit and (c) assumption that benefits generally will not increase after retirement.

During the year ended June 30, 2012, total contributions of $11,574,874 were made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 2010. The City contributed $9,057,080 (36.04% of projected valuation payroll), excluding contributions for health insurance; employees contributed $2,517,794 (10.02% of projected valuation payroll). The City's contribution consisted of (a) $3,585,885 normal cost (14.27% of projected valuation payroll) and (b) $5,471,195 amortization of the unfunded actuarial accrued liability (21.77% of projected valuation payroll).

At December 31, 2011, the actuarial accrued liability in excess of assets was determined as follows:

Actuarial accrued liability for:	
Active participants (280 vested and 82 non-vested)	$ 116,327,833
Retired participants and beneficiaries currently receiving benefits (671 recipients)	253,223,779
Vested terminated participants not yet receiving benefits (16)	2,995,898
Total actuarial accrued liability	372,547,510
Actuarial value of assets (smoothed market value) *	264,492,738
Unfunded actuarial accrued liability	$ 108,054,772

* Excluding reserve for health insurance

For the fiscal year ending June 30, 2012, the annual required contribution of $9,242,173 exceeded the actual City contribution, resulting in a net pension obligation of $175,646.

Annual required contribution	$ 9,242,173
Interest on net pension asset	(720)
Adjustment to annual required contribution	504
Annual net pension cost	9,241,957
Contributions made	(9,057,080)
Change in net pension obligation	184,877
Net pension asset, beginning of year	(9,231)
Net pension obligation, end of year	$ 175,646

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

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Three Year Trend Information (amounts in thousands)			
Years Ended June 30	Annual Pension Cost (APC)	Percentage Contributed	Net Pension (Asset) Obligation
2010	$ 7,170	95%	$ (389) [1]
2011	8,240	100%	(9)
2012	9,242	98%	175 [2]

(1) The City contributed in excess of its fiscal year 2009 ARC. The City's fiscal year 2010 contribution was reduced by the dollar amount of the fiscal year 2009 overpayment.

(2) 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 ARC from the December 31, 2010 valuation.

Employees' Money Purchase Pension Plan

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

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions. As established by Chapter 292.30 of the City of Lansing's Code of Ordinances, this plan includes all elected officials hired subsequent to September 30, 1990. As of June 30, 2012, there were 7 active members in this plan. Contributions made by employees vest immediately, and contributions made by the City vest after three years of full-time employment. When employees terminate employment, they are entitled to their contributions and the City's contributions if vesting requirements are satisfied. Employees may contribute up to 8% of their wages in 1% increments. The City contributes an amount equal to 6.0% of the employees' wages for retirement benefits.

During the year, the City's required and actual contributions amounted to $17,323, which was approximately 6% of covered payroll of $288,719. There were no employee contributions.

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

Financial statements for individual pension and employee benefit plans:

	Pension Net Assets						
	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	Totals
Assets							
Cash and cash equivalents	$ 4,777,134	$ -	$ 3,217,827	$ -	$ -	$ -	$ 7,994,951
Investments:							
Money market funds	1,942,002	150,326	1,868,231	427,472	-	-	4,388,031
Government obligations	24,311,634	2,237,240	40,812,991	2,244,152	-	-	69,606,017
Corporate bonds	35,410,827	2,314,462	43,384,350	2,459,928	-	-	83,569,567
Common stocks	77,326,944	4,134,476	124,074,497	4,965,460	-	-	210,501,377
Mutual funds	23,248,678	6,272,228	38,524,909	8,058,800	1,677,938	14,011,970	91,794,523
Contribution receivable	-	-	-	-	1,603	-	1,603
Dividends and interest receivable	207,759	-	279,458	-	-	38,553	525,770
Total assets	157,224,978	15,108,732	252,162,463	18,155,812	1,679,541	14,050,523	468,382,049
Liabilities							
Accounts payable	1,904,217	-	1,200,771	-	-	-	3,104,988
Net assets held in trust for							
Pension benefits	155,320,761	-	250,961,692	-	1,679,541	-	417,961,994
Other postemployment benefits	-	15,108,732	-	18,155,812	-	14,050,523	47,315,067
Total net assets	$ 155,320,761	$ 15,108,732	$ 250,961,692	$ 18,155,812	$ 1,679,541	$ 14,050,523	$ 465,277,061

	Changes in Pension Net Assets						
	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	Total
Additions							
Investment income:							
Net appreciation (depreciation) in fair value of investments	$ 822,544	$ (434,071)	$ 8,553,198	$ (785,978)	$ -	$ -	$ 8,255,693
Interest income	4,491,464	-	1,456,307	-	12,313	652,420	6,612,504
Dividend income	805,160	-	1,297,884	-	-	-	2,103,044
Investment expenses	-	-	-	-	(5,921)	-	(5,921)
Net investment income	6,119,168	(434,071)	11,407,389	(785,978)	6,392	652,420	16,965,320
Contributions:							
Employer	7,523,535	10,363,847	9,057,080	9,888,796	17,323	615,000	37,465,561
Plan members	1,464,745	-	2,317,794	-	-	-	3,982,539
Total contributions	8,988,280	10,363,847	11,374,874	9,888,796	17,323	615,000	41,448,120
Total additions	15,107,448	9,929,776	22,982,263	9,102,818	23,715	1,267,420	58,413,440
Deductions							
Participant benefits	20,392,187	10,151,847	24,199,905	9,310,796	146,441	-	65,201,176
Administrative expense	766,485	-	1,001,798	-	-	-	1,768,283
Total deductions	21,158,672	10,151,847	25,201,703	9,310,796	146,441	-	66,969,459
Net change in net assets held in trust	(6,051,224)	(222,071)	(3,219,440)	(207,978)	(122,726)	1,267,420	(8,556,019)
Net assets held in trust for pension and other postemployment benefits:							
Beginning of year	171,371,985	15,330,803	254,181,132	18,363,790	1,802,267	12,783,103	473,833,080
End of year	$ 165,320,761	$ 15,108,732	$ 250,961,692	$ 18,155,812	$ 1,679,541	$ 14,050,523	$ 465,277,061

18. 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. 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 the respective pension plans. 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.

Basis of Accounting. The Plans' financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of 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 Employment Beneficiary Association (VEBA)

The City of Lansing Voluntary Employees Beneficiary Association (the "Plan") is a single-employer defined benefit post employment healthcare plan established by the City to provide medical and healthcare benefits for retirees and their beneficiaries. Eligible participants include any retirees who receive pension benefits under one of the City's pension plans. 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 $615,000 to the Plan.

Employees' Retirement System

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. 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 $96.40 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.

Membership of the Plan consisted of the following at December 31, 2011, the date of the most recent actuarial valuation:

Retirees and beneficiaries receiving benefits	675
Terminated plan members entitled to but not yet receiving benefits	65
Active plan members	481
Total	1,221

During the year, the City contributed $10,363,847 (direct benefit payments of $10,151,847 and City contributions of $212,000) to the Plan.

Annual required contribution	$ 14,980,775
Interest on net OPEB asset	(250,750)
Adjustment to annual required contribution	185,933
Net OPEB cost (expense)	14,915,958
Contributions made	(10,363,847)
Increase in net OPEB obligation	4,552,111
Net OPEB asset, beginning of year	(3,214,740)
Net OPEB obligation, end of year	$ 1,337,371

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	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB (Asset) Obligation
2010	$ 9,782,538	95.1%	$ (2,260,157)
2011	8,819,018	110.8%	(3,214,740)
2012	14,915,958	69.5%	1,337,371

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Plan was 12.6 percent funded. The actuarial accrued liability for benefits was $226,915,143, and the actuarial value of assets was $28,680,151, resulting in an unfunded actuarial accrued liability (UAAL) of $198,234,992. The covered payroll (annual payroll of active employees covered by the Plan) was $24,813,423, and the ratio of the UAAL to the covered payroll was 798.9 percent. The Employees' Retirement System and VEBA were combined in the actuarial valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.3 percent investment rate of return (net of administrative expenses), which includes a 3.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was thirty years.

Police and Fire Retirement System

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 City provides the full cost of health benefits to retirees, payable to health care vendors, and also reimburses retirees eligible for Medicare benefits of $96.40 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.

Membership of the Plan consisted of the following at December 31, 2011, the date of the most recent actuarial valuation:

Retirees and beneficiaries receiving benefits	478
Terminated plan members entitled to but not yet receiving benefits	16
Active plan members	362
Total	856

During the year, the City contributed $9,888,796 (direct benefit payments of $9,310,796 and City contributions of $578,000) to the Plan.

Annual required contribution	$ 17,449,576
Interest on net OPEB obligation	1,526,320
Adjustment to annual required contribution	(1,131,781)
Net OPEB cost (expense)	17,844,115
Contributions made	(9,888,796)
Increase in net OPEB obligation	7,955,319
Net OPEB obligation, beginning of year	19,568,200
Net OPEB obligation, end of year	$ 27,523,519

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	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	$ 16,563,477	57.9%	$ 12,938,273
2011	16,474,153	59.8%	19,568,200
2012	17,844,115	55.4%	27,523,519

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the Plan was 7.4 percent funded. The actuarial accrued liability for benefits was $252,220,445, and the actuarial value of assets was $18,678,699, resulting in an unfunded actuarial accrued liability (UAAL) of $233,541,746. The covered payroll (annual payroll of active employees covered by the Plan) was $25,128,835, and the ratio of the UAAL to the covered payroll was 929.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.3 percent investment rate of return (net of administrative expenses), which includes a 3.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was thirty years.

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Employees' Retirement System
(amounts in thousands)

Schedule of Funding Progress

Actuarial Valuation Date		Actuarial Value of Assets (A)		Actuarial Accrued Liability (B)		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)		Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2006	$	208,765	$	251,427	$	42,662	83.0%	$	31,944	133.6%
12/31/2007		208,572		254,356		45,784	82.0%		31,797	144.0%
12/31/2008		200,600		258,331		57,731	77.7%		29,688	194.5%
12/31/2009		193,324		262,298		68,974	73.7%		30,602	225.4%
12/31/2010		187,441		269,462		82,021	69.6%		27,767	295.4%
12/31/2011		177,101		287,307		110,206	61.6%		26,069	422.7%

Schedule of Employer Contributions

Year Ended June 30		Annual Required Contribution (ARC)	Percentage Contributed	
2007	$	5,231	100.0%	
2008		6,022	100.0%	
2009		6,048	105.0%	(1)
2010		6,472	93.4%	(1)
2011		7,297	100.0%	
2012		7,597	99.0%	(2)

(1) The City contributed in excess of its fiscal year 2009 ARC. The City's fiscal year 2010 contribution was reduced by the dollar amount of the fiscal year 2009 overpayment.

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

Required Supplementary Information

Police and Fire Retirement System
(amounts in thousands)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (B)	Underfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2006	$ 278,839	$ 308,193	$ 29,354	90.5%	$ 29,582	99.2%
12/31/2007	293,571	315,635	22,064	93.0%	29,600	74.5%
12/31/2008	287,394	326,673	39,279	88.0%	30,161	130.2%
12/31/2009	280,342	337,315	56,973	83.1%	30,443	187.1%
12/31/2010	276,377	359,293	82,916	76.9%	28,536	290.5%
12/31/2011	264,493	372,548	108,055	71.0%	25,129	430.0%

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage Contributed	
2007	$ 5,386	100.0%	
2008	6,521	100.0%	
2009	6,094	106.0%	(1)
2010	7,179	94.6%	(1)
2011	8,241	100.0%	
2012	9,242	98.0%	(2)

(1) The City contributed in excess of its fiscal year 2009 ARC. The City's fiscal year 2010 contribution was reduced by the dollar amount of the fiscal year 2009 overpayment.

(2) 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 ARC from the December 31, 2010 valuation.

Required Supplementary Information

Other Postemployment Benefit Plans
(amounts in thousands)

Employees' Retirement System and VEBA - Schedule of Funding Progress

Actuarial Valuation Date		Actuarial Value of Assets (A)		Actuarial Accrued Liability (B)		Underfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)		Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2006	$	14,337	$	147,388	$	133,051	9.7%	$	31,944	416.5%
12/31/2009		24,364		203,400		179,036	12.0%		30,602	585.0%
12/31/2011		28,680		226,915		198,235	12.6%		24,813	798.9%

Police and Fire Retirement System - Schedule of Funding Progress

Actuarial Valuation Date		Actuarial Value of Assets (A)		Actuarial Accrued Liability (B)		Underfunded (Overfunded) AAL (UAAL) (B-A)	Funded Ratio (A/B)		Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2006	$	13,064	$	155,559	$	142,495	8.4%	$	29,582	481.7%
12/31/2009		17,477		214,899		197,422	8.1%		30,443	648.5%
12/31/2011		18,679		252,220		233,541	7.4%		25,129	929.4%

Employees' Retirement System and VEBA - Schedule of Employer Contributions

Year Ended June 30		Annual Required Contribution (ARC)	Percentage of ARC Contributed
2010	$	10,290	95.1%
2011		8,867	110.2%
2012		14,981	69.2%

Police and Fire Retirement System - Schedule of Employer Contributions

Year Ended June 30		Annual Required Contribution (ARC)	Percentage of ARC Contributed
2010	$	17,177	38.3%
2011		16,702	60.8%
2012		17,450	56.7%

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

CITY OF LANSING, MICHIGAN

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Cash and cash equivalents	$ 40,001	$ -	$ 586,877	$ -	$ 626,878
Equity in pooled cash	2,907,198	100	2,990,337	1,683,293	7,580,928
Investments	-	-	425,107	-	425,107
Accounts receivable, net	1,340,482	-	136,871	-	1,477,353
Special assessments receivable	-	-	690,559	-	690,559
Loans receivable	1,385,000	-	-	-	1,385,000
Accrued interest receivable	2,009,367	-	-	-	2,009,367
Due from other funds	2,000,000	-	1,034,151	-	3,034,151
Due from other governments	1,731,252	-	1,070	-	1,732,322
Inventories	1,168,711	-	-	-	1,168,711
Total assets	$ 12,582,011	$ 100	$ 5,864,972	$ 1,683,293	$ 20,130,376
Liabilities					
Accounts payable	$ 1,058,311	$ 100	$ 213,025	$ -	$ 1,271,436
Deposits payable	80,734	-	-	-	80,734
Accrued payroll	257,242	-	-	-	257,242
Retainage payable	141	-	7	-	148
Due to other funds	1,498,325	-	437,663	-	1,935,988
Advances from other funds	-	-	527,815	-	527,815
Due to other governments	225,777	-	-	-	225,777
Deferred revenue	3,246,531	-	615,657	-	3,862,188
Total liabilities	6,367,061	100	1,794,167	-	8,161,328
Fund balances					
Nonspendable	1,168,711	-	-	1,683,293	2,852,004
Restricted	4,653,862	-	897,825	-	5,551,687
Committed	467,123	-	3,642,008	-	4,109,131
Unassigned (deficit)	(74,746)	-	(469,028)	-	(543,774)
Total fund balances	6,214,950	-	4,070,805	1,683,293	11,969,048
Total liabilities and fund balances	$ 12,582,011	$ 100	$ 5,864,972	$ 1,683,293	$ 20,130,376

CITY OF LANSING, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Taxes and special assessments	$ 416,290	$ 562,850	$ 102,749	$ -	$ 1,081,889
Intergovernmental	12,115,097	-	-	-	12,115,097
Charges for services	8,193,332	-	542,243	-	8,735,575
Fines and forfeits	593,219	-	-	-	593,219
Interest	790	2,347	4,868	6,446	14,451
Contributions	10,000	-	-	-	10,000
Donations from private sources	-	-	5,000	-	5,000
Other revenues	255,702	-	-	-	255,702
Total revenues	21,584,430	565,197	654,860	6,446	22,810,933
Expenditures					
Current expenditures:					
General government	2,598,616	-	-	-	2,598,616
Public safety	7,465,775	-	-	-	7,465,775
Highways and streets	8,589,298	-	-	-	8,589,298
Recreation and culture	488	-	-	-	488
Debt service:					
Principal	1,281,004	620,000	-	-	1,901,004
Interest	682,573	182,120	-	-	864,693
Capital outlay	3,328,238	-	3,137,846	-	6,466,084
Total expenditures	23,945,992	802,120	3,137,846	-	27,885,958
Revenues over (under) expenditures	(2,361,562)	(236,923)	(2,482,986)	6,446	(5,075,025)
Other financing sources (uses)					
Transfers in	5,181,208	190,895	1,836,990	16,916	7,226,009
Transfers out	(3,123,633)	-	(2,004,211)	(6,446)	(5,134,290)
Total other financing sources (uses)	2,057,575	190,895	(167,221)	10,470	2,091,719
Net change in fund balances	(303,987)	(46,028)	(2,650,207)	16,916	(2,983,306)
Fund balances, beginning of year	6,518,937	46,028	6,721,012	1,666,377	14,952,354
Fund balances, end of year	$ 6,214,950	$ -	$ 4,070,805	$ 1,683,293	$ 11,969,048

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

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.

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

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

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

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, 2012

	Major Streets	Local Streets	Drug Law Enforcement	Community Development Block Grant Program	Downtown Lansing, Inc.
Assets					
Cash and cash equivalents	$ -	$ -	$ 15,000	$ -	$ -
Equity in pooled cash	1,035,842	262,169	9,628	49,168	31,768
Accounts receivable, net	-	-	-	-	-
Loans receivable	-	-	-	1,385,000	-
Accrued interest receivable	-	-	-	2,009,367	-
Due from other funds	2,000,000	-	-	-	-
Due from other governments	1,140,899	301,493	-	244,719	-
Inventories	1,168,711	-	-	-	-
Total assets	$ 5,345,452	$ 563,662	$ 24,628	$ 3,688,254	$ 31,768
Liabilities					
Accounts payable	$ 748,767	$ 37,596	$ 65,248	$ 66,853	$ 7,864
Deposits payable	-	-	-	-	-
Accrued payroll	-	-	14,126	27,034	2,638
Retainage payable	-	141	-	-	-
Due to other funds	-	30,000	20,000	400,000	-
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	-	3,194,367	-
Total liabilities	748,767	67,337	99,374	3,688,254	10,502
Fund balances					
Nonspendable	1,168,711	-	-	-	-
Restricted	3,427,974	495,325	-	-	21,266
Committed	-	-	-	-	-
Unassigned (deficit)	-	-	(74,746)	-	-
Total fund balances	4,596,685	495,325	(74,746)	-	21,266
Total liabilities and fund balances	$ 5,345,452	$ 563,662	$ 24,628	$ 3,688,254	$ 31,768

911 Communications Center	Building Department	Parks Department	Tri-County Metro	Totals
$ -	$ -	$ -	$ 25,001	$ 40,001
	6,388	467,123	1,045,112	2,907,198
1,250,802	8,041	-	81,639	1,340,482
-	-	-	-	1,385,000
-	-	-	-	2,009,367
-	-	-	-	2,000,000
-	-	-	44,141	1,731,252
-	-	-	-	1,168,711
$ 1,250,802	$ 14,429	$ 467,123	$ 1,195,893	$ 12,582,011
$ 3,680	$ 27	$ -	$ 128,176	$ 1,058,311
-	-	-	80,734	80,734
198,797	14,402	-	245	257,242
-	-	-	-	141
1,048,325	-	-	-	1,498,325
-	-	-	225,777	225,777
-	-	-	52,164	3,246,531
1,250,802	14,429	-	487,096	6,367,061
-	-	-	-	1,168,711
-	-	-	708,797	4,653,802
-	-	467,123	-	467,123
-	-	-	-	(74,746)
-	-	467,123	708,797	6,214,950
$ 1,250,802	$ 14,429	$ 467,123	$ 1,195,893	$ 12,582,011

CITY OF LANSING, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

	Major Streets	Local Streets	Drug Law Enforcement	Community Development Block Grant Program	Downtown Lansing, Inc.
Revenues					
Taxes and special assessments	$ -	$ -	$ -	$ -	$ 416,290
Intergovernmental	7,196,661	1,827,483	-	1,853,232	-
Charges for services	755,817	540,212	-	-	4,225
Fines and forfeits	-	-	454,747	-	-
Interest	666	-	51	-	-
Contributions	-	-	-	-	10,000
Other revenues	73,951	2,196	-	27,644	151,911
Total revenues	8,027,095	2,369,891	454,793	1,880,876	582,426
Expenditures					
Current expenditures:					
General government	-	-	-	-	649,507
Public safety	-	-	687,365	-	-
Highways and streets	4,709,553	3,879,745	-	-	-
Recreation and culture	-	-	-	-	-
Debt service:					
Principal	429,804	851,200	-	-	-
Interest	179,175	503,398	-	-	-
Capital outlay	1,335,188	112,174	-	1,880,876	-
Total expenditures	6,653,720	5,346,517	687,365	1,880,876	649,507
Revenues over (under) expenditures	1,373,375	(2,976,626)	(232,572)	-	(67,081)
Other financing sources (uses)					
Transfers in	1,221,924	3,196,026	-	-	39,180
Transfers out	(3,047,659)	(40,614)	(35,360)	-	-
Total other financing sources (uses)	(1,825,735)	3,155,412	(35,360)	-	39,180
Net change in fund balances	(452,360)	178,786	(267,932)	-	(27,901)
Fund balances, beginning of year	5,049,045	317,039	193,186	-	49,167
Fund balances (deficit), end of year	$ 4,596,685	$ 495,825	$ (74,746)	$ -	$ 21,266

911 Communications Center	Building Department	Parks Department	Tri-County Metro	Totals
$ -	$ -	$ -	$ -	$ 416,290
-	-	-	1,237,721	12,115,097
5,478,835	1,414,243	-	-	8,193,332
-	-	-	133,477	593,219
-	-	30	43	790
-	-	-	-	10,000
-	-	-	-	255,702
5,478,835	1,414,243	30	1,376,241	21,584,430
-	1,949,109	-	-	2,598,616
5,621,605	-	-	1,156,805	7,465,775
-	-	-	-	8,589,298
-	-	488	-	488
-	-	-	-	1,281,004
-	-	-	-	682,573
-	-	-	-	3,328,238
5,621,605	1,949,109	488	1,156,805	23,945,992
(142,770)	(534,866)	(458)	219,436	(2,361,562)
142,770	534,866	-	46,442	5,181,208
-	-	-	-	(3,123,633)
142,770	534,866	-	46,442	2,057,575
-	-	(458)	265,878	(303,987)
-	-	467,581	442,919	6,518,937
$ -	$ -	$ 467,123	$ 708,797	$ 6,214,950

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, 2012

	Major Streets		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes and special assessments	$ -	$ -	$ -
Intergovernmental	7,040,000	7,196,661	156,661
Charges for services	403,317	755,817	352,500
Fines and forfeits	-	-	-
Interest	2,000	666	(1,334)
Contributions	-	-	-
Other revenues	19,000	73,951	54,951
Total revenues	7,464,317	8,027,095	562,778
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	5,804,721	4,709,553	(1,095,168)
Recreation and culture	-	-	-
Debt service:			
Principal	429,804	429,804	
Interest	179,675	179,175	(500)
Capital outlay	4,203,777	1,335,188	(2,868,589)
Total expenditures	10,617,977	6,653,720	(3,964,257)
Revenues over (under) expenditures	(3,153,660)	1,373,375	4,527,035
Other financing sources (uses)			
Transfers in	1,575,710	1,221,924	(353,786)
Transfers out	(2,853,924)	(3,047,659)	(193,735)
Total other financing sources (uses)	(1,278,214)	(1,825,735)	(547,521)
Net change in fund balances	(4,431,875)	(452,360)	3,979,515
Fund balances, beginning of year	5,049,045	5,049,045	-
Fund balances (deficit), end of year	$ 617,170	$ 4,596,685	$ 3,979,515

Local Streets			Drug Law Enforcement		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
2,173,201	1,827,483	(345,718)	-	-	-
520,580	540,212	19,632			
-	-	-	850,000	454,742	(395,258)
-	-	-	63,600	51	(63,549)
-	-	-	-	-	-
610	2,196	1,586	-	-	-
2,694,391	2,369,891	(324,500)	913,600	454,793	(458,807)
-	-	-	-	-	-
-	-	-	846,687	687,365	(159,322)
4,073,222	3,879,745	(193,477)	-	-	-
-	-	-	-	-	-
851,200	851,200	-	-	-	-
503,898	503,398	(500)	-	-	-
743,925	112,174	(631,751)	-	-	-
6,172,245	5,346,517	(825,728)	846,687	687,365	(159,322)
(3,477,855)	(2,976,626)	501,229	66,913	(232,572)	(299,485)
3,439,963	3,196,026	(243,937)	-	-	-
-	(40,614)	(40,614)	(72,712)	(35,360)	37,352
3,439,963	3,155,412	(284,551)	(72,712)	(35,360)	37,352
(37,892)	178,786	216,678	(5,799)	(267,932)	(262,133)
317,039	317,039	-	193,186	193,186	-
$ 279,147	$ 495,825	$ 216,678	$ 187,387	$ (74,746)	$ (262,133)

continued...

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

	Community Development Block Grant Program		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes and special assessments	$ -	$ -	$ -
Intergovernmental	4,593,144	1,853,232	(2,739,912)
Charges for services	-	-	-
Fines and forfeits	-	-	-
Interest	-	-	-
Contributions	-	-	-
Other revenues	57,467	27,644	(29,823)
Total revenues	4,650,610	1,880,876	(2,769,734)
Expenditures			
Current expenditures:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Recreation and culture	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	4,650,610	1,880,876	(2,769,734)
Total expenditures	4,650,610	1,880,876	(2,769,734)
Revenues over (under) expenditures	-	-	-
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances (deficit), end of year	$ -	$ -	$ -

Downtown Lansing, Inc. Final Budget	Downtown Lansing, Inc. Actual	Downtown Lansing, Inc. Actual Over (Under) Final Budget	911 Communications Center Final Budget	911 Communications Center Actual	911 Communications Center Actual Over (Under) Final Budget
$ 417,000	$ 416,290	$ (710)	$ -	$ -	$ -
-	-	-	-	-	-
3,200	4,225	1,025	5,524,250	5,478,835	(45,415)
-	-	-	-	-	-
110	-	(110)	-	-	-
10,000	10,000	-	-	-	-
168,175	151,911	(16,264)	-	-	-
598,485	582,426	(16,059)	5,524,250	5,478,835	(45,415)
671,340	649,507	(21,833)	-	-	-
-	-	-	5,958,157	5,621,605	(336,552)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
671,340	649,507	(21,833)	5,958,157	5,621,605	(336,552)
(72,855)	(67,081)	5,774	(433,907)	(142,770)	291,137
39,180	39,180	-	283,602	142,770	(140,832)
-	-	-	-	-	-
39,180	39,180	-	283,602	142,770	(140,832)
(33,675)	(27,901)	5,774	(150,305)	-	150,305
49,167	49,167	-	-	-	-
$ 15,492	$ 21,266	$ 5,774	$ (150,305)	$ -	$ 150,305

continued...

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

	Building Department		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes and special assessments	$ -	$ -	$ -
Intergovernmental	-	-	-
Charges for services	1,378,600	1,414,243	35,643
Fines and forfeits	-	-	-
Interest	-	-	-
Contributions	-	-	-
Other revenues	-	-	-
Total revenues	1,378,600	1,414,243	35,643
Expenditures			
Current expenditures:			
General government	1,928,569	1,949,109	20,540
Public safety	-	-	-
Highways and streets	-	-	-
Recreation and culture	-	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
Total expenditures	1,928,569	1,949,109	20,540
Revenues over (under) expenditures	(549,969)	(534,866)	15,103
Other financing sources (uses)			
Transfers in	549,969	534,866	(15,103)
Transfers out	-	-	-
Total other financing sources (uses)	549,969	534,866	(15,103)
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances (deficit), end of year	$ -	$ -	$ -

Parks Department			Tri-County Metro		
Final Budget	Actual	Actual Over (Under) Final Budget	Final Budget	Actual	Actual Over (Under) Final Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	679,685	1,237,721	558,036
		-	-	-	-
-	-	-	200,000	138,477	(61,523)
-	30	30	245	43	(202)
-	-	-	-	-	-
-	-	-	-	-	-
-	30	30	879,930	1,376,241	496,311
-	-	-	-	-	-
-	-	-	911,036	1,156,805	245,769
-	-	-	-	-	-
41,663	488	(41,175)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
41,663	488	(41,175)	911,036	1,156,805	245,769
(41,663)	(458)	41,205	(31,106)	219,436	250,542
		-	31,499	46,442	14,943
-	-	-	-	-	-
-	-	-	31,499	46,442	14,943
(41,663)	(458)	41,205	393	265,878	265,485
467,581	467,581	-	442,919	442,919	-
$ 425,918	$ 467,123	$ 41,205	$ 443,312	$ 708,797	$ 265,485

continued...

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012

	Totals		
	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues			
Taxes and special assessments	$ 417,000	$ 416,290	$ (710)
Intergovernmental	14,486,030	12,115,097	(2,370,933)
Charges for services	7,829,947	8,193,332	363,385
Fines and forfeits	1,050,000	593,219	(456,781)
Interest	65,955	790	(65,165)
Contributions	10,000	10,000	-
Other revenues	245,252	255,702	10,450
Total revenues	24,104,184	21,584,430	(2,519,754)
Expenditures			
Current expenditures:			
General government	2,599,909	2,598,616	(1,293)
Public safety	7,715,880	7,465,775	(250,105)
Highways and streets	9,877,943	8,589,298	(1,288,645)
Recreation and culture	41,663	488	(41,175)
Debt service:			
Principal	1,281,004	1,281,004	-
Interest	683,573	682,573	(1,000)
Capital outlay	9,598,313	3,328,238	(6,270,075)
Total expenditures	31,798,285	23,945,992	(7,852,293)
Revenues over (under) expenditures	(7,694,101)	(2,361,562)	5,332,539
Other financing sources (uses)			
Transfers in	5,919,922	5,181,208	(738,714)
Transfers out	(2,926,636)	(3,123,633)	(196,997)
Total other financing sources (uses)	2,993,286	2,057,575	(935,711)
Net change in fund balances	(4,700,815)	(303,987)	4,396,828
Fund balances, beginning of year	6,518,937	6,518,937	-
Fund balances (deficit), end of year	$ 1,818,122	$ 6,214,950	$ 4,396,828

concluded

Nonmajor Debt Service Funds

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

1999 Fire Station Fund This fund accounts for the accumulation of resources for payment of the 1999 $3,000,000 Unlimited Tax General Obligation Bonds.

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

Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2012

	1998 Building Authority	1999 Fire Station	2001 Fire Station	Totals
Assets				
Equity in pooled cash	$ -	$ -	$ 100	$ 100
Liabilities				
Accounts payable	$ -	$ -	$ 100	$ 100

CITY OF LANSING, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2012

	1998 Building Authority	1999 Fire Station	2001 Fire Station	Totals
Revenues				
Taxes and special assessments	$ -	$ 209,285	$ 353,565	$ 562,850
Interest	-	850	1,497	2,347
Total revenues	-	210,135	355,062	565,197
Expenditures				
Debt service:				
Principal	125,000	185,000	310,000	620,000
Interest	46,300	71,163	64,657	182,120
Total expenditures	171,300	256,163	374,657	802,120
Revenues over (under) expenditures	(171,300)	(46,028)	(19,595)	(236,923)
Other financing sources				
Transfers in	171,300	-	19,595	190,895
Net change in fund balances	-	(46,028)	-	(46,028)
Fund balances, beginning of year	-	46,028	-	46,028
Fund balances, end of year	$ -	$ -	$ -	$ -

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Nonmajor Capital Projects Funds

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

1990 Environmental II Fund - This fund accounts for the proceeds of the 1990 $5,300,000 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.

Lansing Center Improvements Fund - This fund accounts for the proceeds of the 2006 $4,000,000 Lansing Center limited tax bonds.

MTF Bonds Fund - This fund accounts for the proceeds of the $1,600,000 Michigan Transportation Fund limited tax bonds.

2009 Build America Construction Fund - This fund accounts for the proceeds of the 2009 $10,197,000 capital improvement limited tax general obligation bonds.

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

CITY OF LANSING, MICHIGAN

Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2012

	1990 Environmental I	1990 Environmental II	Special Assessments	Lansing Center Improvements
Assets				
Cash and cash equivalents	$ -	$ -	$ -	$ -
Equity in pooled cash	16,843	176,335	-	146,023
Investments	-	-	-	-
Accounts receivable, net	-	-	-	-
Special assessments receivable:				
Current	-	-	74,902	-
Deferred	-	-	615,657	-
Due from other funds	-	-	-	-
Due from other governments	-	-	1,070	-
Total assets	$ 16,843	$ 176,335	$ 691,629	$ 146,023
Liabilities				
Accounts payable	$ 15,697	$ -	$ 17,185	$ -
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Advance from other funds	-	-	527,815	-
Deferred revenue	-	-	615,657	-
Total liabilities	15,697	-	1,160,657	-
Fund balances				
Restricted	1,146	176,335	-	146,023
Committed	-	-	-	-
Unassigned (deficit)	-	-	(469,028)	-
Total fund balances	1,146	176,335	(469,028)	146,023
Total liabilities and fund balances	$ 16,843	$ 176,335	$ 691,629	$ 146,023

ATF Bonds	2009 BuRc America Construction	Other	Totals
$ 586,877	$ -	$	$ 586,877
-	-	2,651,136	2,990,337
-	425,107	-	425,107
-	-	136,871	136,871
-	-	-	74,902
-	-	-	615,657
-	-	1,034,151	1,034,151
-	-	-	1,070
$ 586,877	$ 425,107	$ 3,822,158	$ 5,864,972
$ -	$ -	$ 180,143	$ 213,025
-	-	7	7
322,109	115,554	-	437,663
-	-	-	527,815
-	-	-	615,657
322,109	115,554	180,150	1,794,167
264,768	309,553	-	897,825
-	-	3,642,008	3,642,008
-	-	-	(469,028)
264,768	309,553	3,642,008	4,070,805
$ 586,877	$ 425,107	$ 3,822,158	$ 5,864,972

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds
For the Year Ended June 30, 2012

	1990 Environmental I	1990 Environmental II	Special Assessments	Lansing Center Improvements
Revenues				
Special assessments	$ -	$ -	$ 102,749	$ -
Charges for services	-	-	-	-
Interest	7	13	-	41
Donations from private sources	-	-	-	-
Total revenues	7	13	102,749	41
Expenditures				
Capital outlay	42,080	8,118	400,492	113,170
Revenues over (under) expenditures	(42,073)	(8,105)	(297,743)	(113,129)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(42,073)	(8,105)	(297,743)	(113,129)
Fund balances (deficit), beginning of year	43,219	184,440	(171,285)	259,152
Fund balances (deficit), end of year	$ 1,146	$ 176,335	$ (469,028)	$ 146,023

MTF Bonds	2009 Build America Construction	Other	Totals
$ -	$ -	$ -	$ 102,749
-	-	542,243	542,243
2,107	2,595	105	4,868
-	-	5,000	5,000
2,107	2,595	547,348	654,860
-	-	2,573,986	3,137,846
2,107	2,595	(2,026,638)	(2,482,986)
40,614	-	1,796,376	1,836,990
(808,883)	(545,908)	(649,420)	(2,004,211)
(768,269)	(545,908)	1,146,956	(167,221)
(766,162)	(543,313)	(879,682)	(2,650,207)
1,030,930	852,866	4,521,690	6,721,012
$ 264,768	$ 309,553	$ 3,642,008	$ 4,070,805

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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.

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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 Assets

Nonmajor Enterprise Funds

June 30, 2012

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Assets					
Current assets:					
Cash and cash equivalents	$ 200	$ 300	$ -	$ -	$ 500
Equity in pooled cash	57,561	100,710	39,430	946,050	1,143,751
Accounts receivable, net	-	-	517,525	25,313	542,838
Inventories	75,317	2,849	50,054	-	128,220
Total current assets	133,078	103,859	607,009	971,363	1,815,309
Noncurrent assets:					
Capital assets not being depreciated	57,740	446,501	-	19,412	523,653
Capital assets being depreciated, net	177,083	2,292,790	-	687,733	3,157,606
Total noncurrent assets	234,823	2,739,291	-	707,145	3,681,259
Total assets	367,901	2,843,150	607,009	1,678,508	5,496,568
Liabilities					
Current liabilities:					
Accounts payable	1,580	2,131	24,823	64,449	92,983
Accrued interest payable	-	6,725	-	-	6,725
Accrued payroll	883	13,170	-	-	14,053
Due to other funds	100,000	-	200,000	-	300,000
Unearned revenues	-	27,393	91,992	-	119,385
Current portion of:					
Bonds and notes payable	-	85,000	-	-	85,000
Compensated absences	7,422	-	-	-	7,422
Total current liabilities	109,885	134,419	316,815	64,449	625,568
Noncurrent liabilities:					
Bonds and notes payable, net of current portion	-	388,933	-	-	388,933
Compensated absences, net of current portion	23,193	47,288	47,590	99,723	217,794
Total noncurrent liabilities	23,193	436,221	47,590	99,723	606,727
Total liabilities	133,078	570,640	364,405	164,172	1,232,295
Net assets					
Invested in capital assets, net of related debt	234,823	2,255,358	-	707,145	3,207,326
Unrestricted	-	7,152	242,604	807,191	1,056,947
Total net assets	$ 234,823	$ 2,272,510	$ 242,604	$ 1,514,336	$ 4,264,273

CITY OF LANSING, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Operating revenues					
Charges for services	$ 240,394	$ 390,134	$ 1,459,101	$ 2,818,364	$ 4,907,993
Operating expenses					
Personal services	468,069	400,277	845,848	1,794,354	3,508,548
Contractual and materials	154,741	238,031	712,152	1,224,178	2,379,102
Depreciation	16,190	93,294	-	22,548	132,032
Total operating expenses	639,000	731,602	1,558,000	3,041,080	6,019,682
Operating loss	(398,606)	(391,468)	(98,899)	(222,716)	(1,111,689)
Nonoperating expenses					
Interest expense and fees		(28,770)	(24)	(248)	(29,042)
Loss before transfers	(398,606)	(420,238)	(98,923)	(222,964)	(1,140,731)
Transfers in	380,924	400,000	-	-	780,924
Transfers out	(16,916)	-	-	-	(16,916)
Change in net assets	(34,598)	(20,238)	(98,923)	(222,964)	(376,723)
Net assets, beginning of year	269,421	2,292,748	341,527	1,737,300	4,640,996
Net assets, end of year	$ 234,823	$ 2,272,510	$ 242,604	$ 1,514,336	$ 4,264,273

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Cash flows from operating activities					
Cash received from customers	$ 240,394	$ 390,134	$ 1,509,613	$ 2,796,555	$ 4,936,696
Cash payments for goods and services	(82,480)	(291,686)	(678,027)	(1,133,571)	(2,185,764)
Cash payments to employees	(469,056)	(408,742)	(845,848)	(1,795,846)	(3,519,492)
Net cash used in operating activities	(311,142)	(310,294)	(14,262)	(132,862)	(768,560)
Cash flows from noncapital financing activities					
Transfers in	380,924	400,000	-	-	780,924
Transfers out	(16,916)	-	-	-	(16,916)
Net cash provided by noncapital financing activities	364,008	400,000	-	-	764,008
Cash flows from capital and related financing activities					
Principal paid on bonds	-	(80,000)	-	-	(80,000)
Interest paid on bonds	-	(28,301)	(24)	(248)	(28,573)
Net cash used in capital and related financing activities	-	(108,301)	(24)	(248)	(108,573)
Net increase (decrease) in cash and cash equivalents	52,866	(18,595)	(14,286)	(133,110)	(113,125)
Cash and cash equivalents:					
Beginning of year	4,895	119,605	53,716	1,079,160	1,257,376
End of year	$ 57,761	$ 101,010	$ 39,430	$ 946,050	$ 1,144,251
Reconciliation to statement of net assets					
Cash and cash equivalents	$ 200	$ 300	$ -	$ -	$ 500
Equity in pooled cash	57,561	100,710	39,430	946,050	1,143,751
	$ 57,761	$ 101,010	$ 39,430	$ 946,050	$ 1,144,251

continued...

CITY OF LANSING, MICHIGAN

Combining Statement of Cash Flows (Concluded)

Nonmajor Enterprise Funds
For the Year Ended June 30, 2012

	Cemetery	Golf	Garbage and Rubbish Collection	Recycling	Totals
Reconciliation of operating loss to net cash used in operating activities					
Operating loss	$ (398,606)	$ (391,468)	$ (98,899)	$ (222,716)	$ (1,111,689)
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation expense	16,190	93,294	-	22,548	132,032
Changes in assets and liabilities:					
Accounts receivable	-	-	50,512	(21,809)	28,703
Inventories	6,200	(698)	(39,519)	-	(34,017)
Accounts payable	(5,785)	(2,889)	(2,045)	33,943	23,224
Accrued interest payable	-	(1,100)	-	-	(1,100)
Accrued payroll	(987)	(8,465)	-	(1,497)	(10,949)
Due to other funds	60,000	-	50,000	-	110,000
Unearned revenues	-	(4,126)	(1,352)	-	(5,478)
Compensated absences	11,846	5,158	27,041	56,664	100,709
Net cash used in operating activities	$ (311,142)	$ (310,294)	$ (14,262)	$ (132,862)	$ (768,560)

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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.

Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Fleet Maintenance	Fringe Benefits	Engineering	Totals
Assets				
Current assets:				
Equity in pooled cash	$ 871,644	$ 43,726	$ 487,615	$ 1,402,985
Accounts receivable, net	-	2,194,674	-	2,194,674
Inventories	904,071	-	-	904,071
Prepaids	-	504,216	-	504,216
Total current assets	1,775,715	2,742,616	487,615	5,005,946
Noncurrent assets:				
Restricted cash and cash equivalents	3,126,534	-	-	3,126,534
Bond issuance costs, net	51,468	-	2,397	53,865
Capital assets not being depreciated	386,303	-	-	386,303
Capital assets being depreciated, net	4,548,974	-	1,778,140	6,327,114
Total noncurrent assets	8,113,279	-	1,780,537	9,893,816
Total assets	9,888,994	2,742,616	2,268,152	14,899,762
Liabilities				
Current liabilities:				
Accounts payable	489,270	1,223,948	330	1,713,548
Accrued interest payable	18,154	-	10,878	29,032
Accrued payroll	36,932	3,229	24,575	64,736
Claims incurred but not reported	-	897,523	-	897,523
Due to other funds	-	599,756	-	599,756
Current portion of:				
Bonds and notes payable	135,000	-	160,000	295,000
Compensated absences	2,300	-	29,338	31,638
Total current liabilities	681,556	2,724,456	225,121	3,631,233
Noncurrent liabilities:				
Bonds and notes payable, net of current portion	3,035,207	-	450,000	3,485,207
Compensated absences, net of current portion	249,560	18,160	424,891	692,611
Total noncurrent liabilities	3,284,767	18,160	874,891	4,177,818
Total liabilities	3,966,423	2,742,616	1,100,012	7,809,051
Net assets				
Invested in capital assets, net of related debt	1,765,070	-	1,168,140	2,933,210
Restricted for debt retirement	3,126,534	-	-	3,126,534
Unrestricted	1,030,967	-	-	1,030,967
Total net assets	$ 5,922,571	$ -	$ 1,168,140	$ 7,090,71[illegible]

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	Fleet Maintenance	Fringe Benefits	Engineering	Totals
Operating revenues				
Charges for services	$ 5,230,825	$ 56,332,475	$ 3,162,852	$ 64,726,153
Operating expenses				
Personal services	2,925,095	629,660	2,611,171	6,165,927
Purchase of goods and services	3,131,034	55,229,423	363,042	58,723,499
Depreciation	1,576,725	-	43,905	1,620,630
Total operating expenses	7,632,855	55,859,083	3,018,118	66,510,056
Operating income (loss)	(2,402,029)	473,392	144,734	(1,783,903)
Nonoperating revenues (expenses)				
Interest revenue	8,041	-	-	8,041
Gain on sale of capital assets	123,065	-	-	123,066
Interest expense and fees	(113,585)	-	(38,639)	(152,225)
Total nonoperating revenues (expenses)	17,521	-	(38,639)	(21,118)
Change in net assets	(2,384,508)	473,392	106,095	(1,805,02[illegible])
Net assets (deficit), beginning of year	8,307,079	(473,392)	1,062,045	8,895,732
Net assets, end of year	$ 5,922,571	$ -	$ 1,168,140	$ 7,090,711

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	Fleet Maintenance	Fringe Benefits	Engineering	Totals
Cash flows from operating activities				
Cash received from interfund services	$ 5,230,826	$ 56,884,947	$ 3,162,852	$ 65,278,625
Cash payments for goods and services	(2,790,668)	(56,889,159)	(381,204)	(60,061,031)
Cash payments to employees	(2,968,400)	(629,660)	(2,648,112)	(6,246,172)
Net cash provided by (used in) operating activities	(528,242)	(633,872)	133,536	(1,028,578)
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	123,066	-	-	123,066
Acquisition and construction of capital assets	(948,454)	-	-	(948,454)
Principal paid	-	-	(150,000)	(150,000)
Interest paid	(109,072)		(37,985)	(147,057)
Net cash used in capital and related financing activities	(934,460)	-	(187,985)	(1,122,445)
Cash flows from investing activities				
Interest and dividends received	8,041	-	-	8,041
Net decrease in cash and cash equivalents	(1,454,661)	(633,872)	(54,449)	(2,142,982)
Cash and cash equivalents, beginning of year	5,452,839	677,598	542,064	6,672,501
Cash and cash equivalents, end of year	$ 3,998,178	$ 43,726	$ 487,615	$ 4,529,519
Reconciliation to statement of net assets				
Equity in pooled cash	$ 871,644	$ 43,726	$ 487,615	$ 1,402,985
Restricted cash and cash equivalents	3,126,534	-	-	3,126,534
	$ 3,998,178	$ 43,726	$ 487,615	$ 4,529,519

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Combining Statement of Cash Flows
nternal Service Funds
For the Year Ended June 30, 2012

		Fleet Maintenance		Fringe Benefits		Engineering		Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities								
Operating income (loss)	$	(2,402,079)	$	473,392	$	144,734	$	(1,783,903)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:								
Depreciation expense		1,576,725		-		43,905		1,620,630
Change in assets and liabilities:								
Accounts receivable		-		552,472		-		552,472
Inventories		(73,830)		-		-		(73,830)
Prepaids				255,157		-		255,157
Accounts payable		333,920		357,655		(221)		741,354
Accrued interest payable		-		-		(2,675)		(2,675)
Accrued payroll		(43,304)		(670,139)		(36,941)		(750,384)
Claims incurred but not reported		-		(505,237)				(505,237)
Due to other funds		-		(1,100,000)		-		(1,100,000)
Compensated absences		30,276		2,828		(15,266)		17,838
Net cash provided by (used in) operating activities	$	(528,242)	$	(633,872)	$	133,536	$	(1,028,578)

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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.

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2012

	54-A District Court		
	Bail Bonds	Garnishment, Indemnity Bond and Restitution	Totals
Assets			
Equity in pooled cash	$ 46,676	$ 12,487	$ 59,163
Liabilities			
Undistributed receipts	$ 46,676	$ 12,487	$ 59,163

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deletions	Ending Balance
54-A District Court - Bail Bonds				
Assets				
Equity in pooled cash	$ 61,374	$ 247,455	$ 262,153	$ 46,676
Liabilities				
Undistributed receipts	$ 61,374	$ 247,455	$ 262,153	$ 46,676
54-A District Court - Garnishment, Indemnity Bond and Restitution				
Assets				
Equity in pooled cash	$ 11,307	$ 133,873	$ 132,693	$ 12,487
Liabilities				
Undistributed receipts	$ 11,307	$ 133,873	$ 132,693	$ 12,487
Total - all agency funds				
Assets				
Equity in pooled cash	$ 72,681	$ 381,328	$ 394,846	$ 59,163
Liabilities				
Undistributed receipts	$ 72,681	$ 381,328	$ 394,846	$ 59,163

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STATISTICAL SECTION

Statistical Section Table of Contents

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

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

CITY OF LANSING, MICHIGAN

Table 1

Net Assets by Component (Accrual Basis of Accounting)
Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006 (2)	2005	2004	2003
Governmental activities										
Invested in capital assets, net of related debt	$ 163,723,249	$ 180,571,237	$ 186,536,428	$ 191,516,475	$ 187,054,852	$ 184,150,439	$ 190,243,447	$ 198,338,788	$ 197,530,605	$ 193,545,003
Restricted	14,524,584	14,777,571	14,304,689	7,139,090	34,554,539	27,642,784	36,706,345	33,900,657		6,370
Unrestricted	(34,371,855)	(18,840,717)	(7,649,432)	6,589,790	(3,124,027)	2,776,006	514,601	1,632,040	15,331,622	20,363,235
Total governmental activities net assets	$ 143,875,978	$ 176,508,091	$ 193,191,685	$ 215,245,355	$ 218,485,364	$ 214,569,229	$ 227,464,393	$ 233,871,485	$ 212,862,227	$ 213,914,608
Business-type activities										
Invested in capital assets, net of related debt	$ 209,584,457	$ 204,149,751	$ 194,854,140	$ 185,430,669	$ 178,526,049	$ 166,320,408	$ 161,324,071	$ 163,334,290	$ 138,830,169	$ 163,715,373
Restricted	12,382,060	13,080,302	19,917,341	19,454,812	30,892,739	35,777,715	35,945,848	39,493,526	718,828	1,039,093
Unrestricted	32,196,598	34,177,453	30,193,568	23,730,694	16,330,517	18,929,677	28,208,193	22,701,430	64,268,351	35,649,876
Total business-type activities net assets	$ 254,163,115	$ 251,407,506	$ 244,965,049	$ 228,616,175	$ 225,749,305	$ 221,027,800	$ 225,478,112	$ 226,029,246	$ 203,817,348	$ 200,404,342
Primary government										
Invested in capital assets, net of related debt	$ 373,307,706	$ 384,720,988	$ 381,390,568	$ 376,947,144	$ 365,580,901	$ 350,470,847	$ 351,567,518	$ 362,173,078	$ 336,360,774	$ 357,260,376
Restricted	26,906,644	27,857,873	34,222,030	26,593,902	65,447,278	73,420,499	72,652,193	73,394,183	718,828	1,045,463
Unrestricted	(2,175,257)	15,336,736	22,544,136	30,320,484	13,206,490	31,705,683	28,722,794	24,333,470	79,599,973	56,013,111
Total primary government net assets	$ 398,039,093	$ 427,915,597	$ 438,156,734	$ 443,861,530	$ 444,234,669	$ 455,597,029	$ 452,942,505	$ 459,900,731	$ 416,679,575	$ 414,318,950

(1) no discretely presented component units shown
(2) In 2006 the City's definition of "restricted net assets" was changed to include assets in funds set up to account for activities outside of the General Fund, for Governmental Activities, and to include restricted cash for debt retirement for Business-type Activities.

Change in Net Assets (Accrual Basis of Accounting)
Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities:										
General government	$ 30,841,776	$ 25,665,269	$ 30,376,671	$ 26,426,242	$ 28,901,548	$ 22,043,283	$ 34,375,762	$ 54,543,838	$ 53,353,559	$ 54,386,014
Public safety	82,369,004	83,546,997	84,566,215	71,235,947	76,211,756	62,570,888	60,047,271	38,648,349	41,292,750	36,998,022
Public works	33,144,300	26,355,375	29,252,516	37,583,680	40,032,746	40,517,063	31,790,944	30,630,483	22,116,173	23,740,767
Recreation and culture	8,839,142	8,245,451	7,312,480	7,293,385	7,677,033	6,198,462	7,881,212	5,464,143	7,979,953	8,055,078
Community development	13,623,946	12,825,028	9,715,087	6,373,286	6,382,336	6,232,406	7,124,491	6,956,000	8,387,559	9,647,696
Interest on long-term debt	1,949,825	2,116,535	2,229,288	1,803,125	1,481,658	1,658,708	1,197,851	1,023,078	2,041,758	2,333,891
Total governmental activities expenses	170,817,995	158,754,655	163,402,257	150,731,665	160,687,127	139,220,810	142,417,531	136,365,891	135,173,752	135,162,068
Business-type activities:										
Sewage disposal system	26,836,507	26,444,741	24,931,075	26,247,100	27,382,750	24,725,229	21,706,537	20,631,611	20,864,079	19,353,186
Municipal parking system	9,491,376	9,096,498	8,305,095	8,351,063	10,188,065	10,275,375	18,403,163	10,151,018	9,196,910	8,843,334
Cemetery	639,000	755,766	559,584	689,979	675,672	692,510	753,151	802,949	828,073	683,571
Golf	810,372	846,817	969,003	927,200	1,072,505	1,358,008	1,398,963	1,446,615	1,620,669	1,583,711
Garbage and rubbish collection	1,558,024	1,515,600	1,451,059	1,547,372	1,436,642	1,372,266	1,412,620	1,421,617	1,321,760	1,288,178
Recycling	3,041,328	2,809,353	2,304,047	3,008,750	2,940,316	2,777,068	2,981,730	2,862,003	2,760,307	2,642,541
Potter Park Zoo	-	-	-	-	(156,270)	2,968,236	2,718,759	2,690,943	2,542,065	2,228,724
Total business-type activities expenses	42,376,697	42,260,775	39,311,863	40,773,552	43,535,716	44,168,696	49,374,923	40,006,756	39,141,863	36,622,245
Total primary government expenses	$ 213,194,693	$ 201,023,430	$ 202,421,110	$ 191,505,217	$ 204,226,843	$ 183,389,506	$ 191,792,454	$ 176,372,647	$ 174,315,615	$ 171,784,313
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 6,420,110	$ 6,742,306	$ 6,365,263	$ 5,188,510	$ 5,938,911	$ 6,251,032	$ 6,416,850	$ 6,261,142	$ 4,686,901	$ 4,411,471
Public safety	9,323,524	5,973,173	8,389,146	9,317,421	12,705,111	13,014,934	13,087,372	12,401,853	11,682,187	11,331,998
Public works	2,797,443	2,449,606	2,788,112	4,565,013	4,364,535	3,805,739	3,891,646	2,646,037	2,713,258	2,627,959
Recreation and culture	557,605	685,120	387,916	1,317,445	1,556,260	1,259,373	1,405,584	1,594,968	1,581,637	1,472,203
Community development	67,344	127,126	69,250	50,132	66,308	66,161	66,486	64,788	-	-
Operating grants and contributions	31,928,983	30,154,581	27,515,892	26,467,241	20,356,252	16,524,178	16,158,496	16,671,481	15,746,181	15,968,081
Capital grants and contributions	260,656	189,414	3,109,410	2,571,741	2,531,974	2,179,870	3,659,169	3,479,536	3,033,898	1,734,008
Total governmental activities program revenues	50,565,669	49,318,626	49,224,979	49,872,473	47,519,451	43,101,287	44,685,603	43,179,775	39,444,025	37,545,720
Business-type activities:										
Charges for services:										
Sewage disposal system	29,915,799	29,205,945	28,407,772	27,446,304	28,023,322	26,926,202	26,867,610	26,394,756	26,529,847	26,045,574
Municipal parking system	6,858,606	7,539,179	7,396,219	7,339,611	10,090,566	10,838,270	10,239,830	9,521,690	7,510,354	7,642,684
Cemetery	240,394	225,947	226,973	248,314	218,688	264,255	237,564	230,716	226,631	199,760
Golf	393,134	382,546	438,315	448,067	607,972	754,995	900,190	926,266	951,923	997,177
Garbage and rubbish collection	1,459,101	1,507,577	1,677,423	1,486,531	1,617,717	1,378,560	1,205,082	1,321,414	1,315,413	1,189,409
Recycling	2,818,364	2,609,423	2,651,309	2,945,061	3,039,089	2,003,092	2,016,277	2,434,002	2,115,917	2,138,308
Potter Park Zoo	-	-	-	-	(445)	553,999	471,703	551,654	505,666	436,199
Operating grants and contributions	1,331,737	4,456,708	1,535,907	1,541,913	-	-	-	-	-	-
Capital grants and contributions	2,683,657	1,439,044	11,928,108	60,318	196,317	183,012	1,368,773	731,575	93,207	914,570
Total business-type activities program revenues	45,697,792	47,366,369	54,762,031	41,716,119	43,793,505	43,802,387	44,237,000	42,921,770	39,248,953	39,563,761
Total primary government program revenues	$ 96,263,461	$ 96,684,995	$ 103,987,010	$ 91,588,592	$ 91,312,957	$ 86,903,674	$ 88,922,603	$ 86,057,545	$ 78,692,978	$ 77,009,481
Net(expenses)/revenues										
Governmental activities	$ (120,252,327)	$ (109,436,029)	$ (114,177,278)	$ (100,859,192)	$ (113,167,675)	$ (96,119,523)	$ (97,731,928)	$ (93,236,116)	$ (95,729,727)	$ (97,716,348)
Business-type activities	3,321,095	5,097,594	15,742,168	942,567	253,790	(366,309)	(5,137,923)	2,921,014	107,090	2,941,516
Total primary government net expense	$ (116,931,232)	$ (104,338,435)	$ (98,435,110)	$ (99,916,625)	$ (112,913,884)	$ (96,485,832)	$ (102,869,851)	$ (90,315,102)	$ (95,622,637)	$ (94,774,832)

continued...

CITY OF LANSING, MICHIGAN

Table 2

Change in Net Assets (Accrual Basis of Accounting)
Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	$ 33,506,860	$ 37,233,530	$ 39,010,960	$ 39,141,928	$ 38,607,761	$ 38,371,103	$ 37,506,017	$ 34,181,408	$ 40,354,088	$ 39,571,151
Income taxes	27,943,070	28,699,749	27,408,443	29,312,762	31,165,012	28,209,913	27,032,176	27,435,047	27,437,494	29,099,951
Unrestricted grants and contributions	26,441,961	27,254,574	25,847,423	27,318,313	28,180,399	27,758,535	26,817,633	24,355,710	26,338,413	28,198,331
Investment earnings	69,765	89,735	746,495	978,034	1,705,572	2,483,162	1,634,608	745,608	312,069	725,936
Miscellaneous	123,066	108,601	75,094	32,310	-	-	774,822	104,563	2,903,792	1,858,391
Transfers	(464,008)	(633,814)	(464,807)	(509,728)	7,420,667	(3,098,357)	(3,132,465)	(2,123,435)	(2,658,510)	(4,130,149)
Total governmental activities	87,620,714	92,752,435	92,123,608	96,273,619	107,083,944	93,724,359	90,632,794	84,648,901	94,677,246	95,304,620
Business-type activities:										
Investment earnings	271,067	689,883	141,899	413,850	1,883,034	2,815,480	1,453,076	1,298,407	249,855	294,125
Miscellaneous	(1,300,541)	21,156	-	725	5,348	2,160	1,248	23,736	337,551	343,171
Transfers	464,008	633,814	464,807	509,728	(7,420,667)	3,098,357	3,132,465	2,123,435	2,658,510	3,717,735
Total business-type activities	(565,466)	1,344,853	606,706	924,303	(5,532,285)	5,915,997	4,586,789	3,445,578	3,305,916	4,355,531
Total primary government	$ 87,054,748	$ 94,097,288	$ 92,730,314	$ 97,197,922	$ 101,551,526	$ 99,140,356	$ 95,219,580	$ 92,174,479	$ 97,983,262	$ 99,660,150
Changes in net assets										
Governmental activities	$ (32,632,113)	$ (16,683,594)	$ (22,053,670)	$ (4,585,573)	$ (6,083,865)	$ (2,895,164)	$ (7,099,137)	$ (4,547,215)	$ (1,062,381)	$ (2,411,720)
Business-type activities	2,755,609	6,442,457	16,348,874	1,866,870	(5,278,495)	5,549,688	(551,134)	6,346,592	3,413,006	7,297,347
Total primary government	$ (29,876,504)	$ (10,241,137)	$ (5,704,796)	$ (2,718,703)	$ (11,362,360)	$ 2,654,524	$ (7,650,271)	$ 1,799,377	$ 2,350,625	$ 4,885,327

(1) No discretely presented component units shown

CITY OF LANSING, MICHIGAN

Table 3

Fund Balances, Governmental Funds (Modified Accrual Basis of Accounting)
Last Ten Fiscal Years

	2012	2011 (2)	2010	2009	2008	2007	2006 [1]	2005	2004	2003
General fund										
Nonspendable	$ 92,538	$ 171,586	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	16,256	41,129								
Committed	65,373	178,081								
Unassigned	5,198,032	4,939,691	-	-	-	-	-	-	-	-
Reserved	-	-	102,732	1,320,375	1,765,288	1,848,021	2,443,224	2,482,589	1,324,109	943,386
Unreserved	-	-	389,061	1,755,862	5,465,164	5,036,129	4,634,961	4,709,909	5,606,958	5,985,681
Total general fund	5,372,199	5,330,487	491,793	3,076,237	7,230,452	6,884,150	7,078,185	7,192,498	6,931,067	6,931,067
All other governmental funds										
Nonspendable	$ 2,852,004	$ 3,006,507	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted	5,566,471	7,412,008	-	-	-	-	-	-	-	-
Committed	4,109,131	4,908,740	-	-	-	-	-	-	-	-
Unassigned (deficit)	(543,774)	(371,285)	-	-	-	-	-	-	-	-
Reserved	-	-	1,177,398	324,366	365,351	2,544,339	613,533	2,139,438	3,638,795	4,541,303
Unreserved, reported in:										
Special revenue funds	-	-	12,029,580	13,394,485	14,716,735	14,523,146	18,798,291	17,635,170	17,950,570	17,933,354
Capital projects funds	-	-	11,614,544	13,010,219	17,862,441	18,978,360	15,717,371	12,563,759	15,293,862	16,957,327
Debt service funds	-	-	126,434	186,636	256,144	144,518	88,826	4,400	-	-
Permanent funds	-	-	1,649,550	1,630,098	1,609,992	1,596,939	1,577,150	1,557,890	-	-
Total all other governmental funds	11,983,782	14,955,970	24,598,306	27,545,804	34,810,603	37,737,302	36,795,171	33,900,657	36,933,227	39,441,984
Total all governmental funds	$ 17,355,981	$ 20,286,457	$ 27,090,099	$ 31,622,041	$ 42,041,135	$ 44,671,452	$ 43,873,356	$ 41,093,155	$ 43,864,294	$ 46,373,051

(1) In 2005 the City's definition for Permanent Funds fund balance changed to "unreserved" due to the nature of the funds being set up as a reserved fund
(2) The City implemented GASB 54 for the Fiscal Year Ended June 30, 2011. Prior years were not restated retroactively.

CITY OF LANSING, MICHIGAN

Table 4

Changes in Fund Balances, Governmental Funds (Modified Accrual Basis of Accounting)

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Property taxes	$ 33,583,448	$ 37,371,885	$ 39,279,343	$ 39,256,893	$ 38,775,722	$ 30,501,920	$ 37,957,773	$ 36,527,417	$ 40,354,000	$ 39,420,736
Income taxes	27,943,070	28,699,749	27,408,443	29,312,762	31,168,012	28,209,913	27,032,176	27,497,542	27,413,270	29,159,482
Licenses and permits	1,538,325	1,598,804	1,414,936	1,325,119	1,429,075	1,101,550	860,647	791,655	814,989	925,455
Intergovernmental	41,431,793	40,304,785	39,137,217	38,998,039	38,556,616	34,599,903	34,961,225	35,624,372	36,312,111	36,183,631
Charges for services	18,676,398	18,606,304	18,323,158	20,355,642	19,116,593	18,415,612	19,436,267	17,931,572	16,745,202	15,522,204
Fines and forfeits	2,884,328	3,325,728	4,579,175	4,143,000	4,090,397	4,349,647	4,515,951	4,151,577	4,870,577	5,645,029
Interest and rents	63,571	88,516	249,464	1,196,559	1,836,485	2,607,383	1,710,674	720,707	357,382	823,308
Contributions	12,369,733	11,821,380	10,606,368	10,372,056	10,891,573	9,980,854	9,385,831	8,966,289	8,741,295	9,255,742
Donations from private sources	5,000	-	9,030	44,000	326,760	114,954	549,055	125,182	22,031	376,793
Other revenue	400,074	504,856	473,123	1,054,209	331,248	1,019,475	1,082,263	1,320,664	1,285,503	779,115
Total revenues	138,895,740	142,322,015	141,480,197	146,060,279	146,525,489	139,181,225	137,494,882	133,857,777	136,919,848	138,097,545
Expenditures										
General government	25,038,589	26,396,516	27,839,564	28,951,805	29,209,458	18,905,058	34,955,037	55,746,207	54,420,735	53,381,289
Public safety	66,161,872	70,397,235	70,820,184	70,082,462	67,715,160	65,243,515	59,143,629	38,121,596	40,145,137	39,321,853
Public works	6,225,177	6,002,823								
Highways and streets	8,589,298	8,494,233	14,506,982	14,723,311	14,860,390	13,501,747	10,879,004	10,467,860	9,216,604	9,776,628
Recreation and culture	6,996,562	7,464,193	8,127,700	8,452,768	8,038,290	7,675,600	7,509,183	5,517,980	6,229,014	6,555,043
Other functions	17,999,264	15,675,003	15,182,675	12,559,072	11,805,843	9,847,925	8,259,415	8,520,848	6,971,380	5,725,184
Capital outlay	6,466,084	9,956,103	14,731,728	14,855,863	16,228,127	20,001,659	13,305,810	12,614,723	11,917,608	15,241,548
Debt service:										
Interest	1,836,218	3,210,220	3,270,068	1,801,394	1,607,703	1,285,436	1,145,588	1,187,673	2,331,276	2,625,499
Principal	3,448,080	2,070,552	2,155,237	4,743,146	4,721,581	3,875,909	3,244,879	3,592,764	6,871,234	6,298,264
Issuance costs	-	48,804	-	-	-	-	-	-	-	-
Total expenditures	142,761,144	149,715,682	156,694,138	156,209,821	154,186,552	150,312,849	138,444,545	135,770,253	138,105,388	138,925,308
Excess of revenues over (under) expenditures	(3,865,404)	(7,393,667)	(15,213,941)	(10,149,542)	(7,661,063)	(11,131,624)	(949,663)	(1,912,476)	(1,185,540)	(827,763)
Other financing sources (uses)										
Proceeds from borrowing	-	2,470,000	10,146,117		4,052,979	15,190,077	6,087,507	1,784,465	570,000	1,500,000
Proceeds from sale of capital assets	1,398,936	1,210,046	689	1,587,216	-	-	774,822	74,565	799,497	99,434
Payment to escrow agent	-	(2,456,207)	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	120,960	-	-	-	-	-	-
Transfers in	7,893,379	9,602,095	16,181,590	11,601,871	13,507,521	6,908,259	8,170,998	8,274,929	13,628,444	14,083,970
Transfers out	(8,357,387)	(10,235,909)	(16,646,397)	(12,579,599)	(12,529,754)	(10,168,616)	(11,303,463)	(10,358,364)	(16,321,156)	(13,802,923)
Total other financing sources (uses)	934,928	590,025	9,681,999	730,448	5,030,746	11,929,720	3,729,864	(264,406)	(1,323,215)	(3,119,519)
Net change in fund balance	$ (2,930,476)	$ (6,803,642)	$ (5,531,942)	$ (9,419,094)	$ (2,630,317)	$ 798,096	$ 2,780,201	$ (2,176,881)	$ (2,508,755)	$ (3,947,282)
Debt service as a percentage of noncapital expenditures	3.8%	3.7%	3.9%	4.5%	4.6%	4.0%	3.4%	3.8%	7.1%	6.9%

CITY OF LANSING, MICHIGAN

Table 5

Assessed and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Personal Property Valuation	Total Taxable Assessed Valuation	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2003	$ 1,088,930,029	$ 661,752,030	$ 157,367,277	$ 303,247,208	$ 2,211,346,544	$15.93	$ 4,422,693,088	50.0%
2004	1,135,019,090	686,609,099	178,744,095	287,439,600	2,287,811,884	15.93	4,575,623,768	50.0%
2005	1,196,695,728	702,569,958	175,906,035	288,421,700	2,363,993,421	15.88	4,727,986,842	50.0%
2006	1,266,935,505	730,413,466	180,564,805	251,293,200	2,429,206,976	15.88	4,858,413,952	50.0%
2007	1,354,939,247	728,343,561	195,703,073	221,858,405	2,500,894,289	15.88	5,001,788,578	50.0%
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	1,407,920,509	624,406,132	215,099,428	199,543,400	2,446,969,349	15.70	4,893,939,098	50.0%
2012	1,387,390,250	639,535,400	87,432,000	183,233,681	2,297,591,331	15.70	4,595,182,662	50.0%

(1) tax rates are per $1,000 of assessed value

Source: Lansing City Assessor

CITY OF LANSING, MICHIGAN

Table 6

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					
	Tax Year	Operating Millage	Service Millage	City Millage	County Millage	School Millage	State Education	College Millage	Other Millage	Total
2003	2002	14.90	1.03	15.93	8.11	19.01	6.00	3.87	8.34	61.26
2004	2003	14.90	1.03	15.93	8.11	19.06	6.00	3.85	8.89	60.84
2005	2004	14.90	.98	15.88	8.10	20.65	6.00	3.84	8.83	63.30
2006	2005	14.90	.98	15.88	8.18	20.40	6.00	3.81	8.78	63.04
2007	2006	14.95	.93	15.88	8.72	20.37	6.00	3.81	9.15	63.88
2008	2007	14.95	.88	15.83	9.41	20.18	6.00	3.81	8.15	63.38
2009	2008	15.01	.82	15.83	10.33	20.15	6.00	3.81	9.04	65.66
2010	2009	15.44	.26	15.70	8.84	19.95	6.00	3.81	9.93	64.23
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	8.84	21.44	6.00	3.81	9.96	65.75

(1) rates for Ingham County and Lansing School District only
(2) since 1995 this is the Non-homestead rate
(3) Includes Intermediate School, Airport Authority, Capital
Area Transit Authority and Capital Area District Library (began in FY 98)

Source: Lansing City Treasurer

CITY OF LANSING, MICHIGAN

Table 7

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

Taxpayer	2012 Taxable Assessed Valuation	2012 Rank	2012 Percentage of Total Assessed Valuation	2003 Total Assessed Valuation	2003 Rank	2003 Percentage of Total Assessed Valuation
General Motors LLC	$81,468,000	[illegible]	4.01%			
Jackson National Life Insurance Company	32,771,500	2	1.61%	$ 27,653,500	2	1.25%
Consumers Energy	22,283,300	3	1.10%	21,326,600	5	0.96%
Demmer Corporation	14,898,600	4	0.73%			
ComCast of Michigan L L C	11,644,000	5	0.57%			
Lansing Retail Center LLC	10,661,000	6	0.52%	14,750,900	6	0.67%
Sprint Spectrum L.P.	9,495,000	7	0.47%	11,877,000	9	0.54%
Heart of the City Assoc	7,271,400	8	0.36%	11,438,900	10	0.52%
Emergency Biodefense Operations	6,881,400	9	0.34%			
Quality Dairy Co #17	6,759,700	10	0.33%			
General Motors Corp.				228,595,000	1	10.34%
Trappers Cove LTD Partners				12,881,700	8	0.58%
Accident Fund Company				13,108,100	7	0.59%
Michigan Strategic Fund [1]				23,811,500	4	1.08%
525 Redevco Inc				26,854,700	3	1.21%

Data furnished from City of Lansing Assessor
[1] formerly Capital Outlook LLC

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
2003	$ 37,310,656	$ 37,041,662	99.28%	$ 101,223	$ 37,142,885	99.55%
2004	38,267,514	37,826,436	98.85%	59,200	37,885,636	99.00%
2005	40,051,303	39,429,093	98.45%	140,123	39,569,216	98.80%
2006	41,261,397	41,022,735	99.42%	83,419	41,106,154	99.62%
2007	42,627,042	42,516,696	99.74%	107,322	42,624,018	99.99%
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%

Note: Amounts are net of chargebacks from the County Tax Revolving Funds for taxes still delinquent after three years.
Note: Delinquent Tax Collection represents amounts received in the indicated fiscal year
Source: City of Lansing Treasurer

CITY OF LANSING, MICHIGAN

Table 9

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Special Assessment Debt	Governmental Activities: Installment Purchase Agreements	Governmental Activities: Loans	Business-Type Activities: General Obligation Bonds	Business-Type Activities: Revenue Bonds	Business-Type Activities: Loans	Total Primary Government	Percentage of Personal Income	Per Capita	Population (1)
2003	$ 29,553,133	$ 65,000	$ 11,043,847	$ 534,329	$ 129,302,048	$ 29,230,000	$ -	$ 199,728,357	9.37% (2)	$ 1,677	119,100
2004	25,078,133	45,000	9,858,752	408,283	158,303,225	55,375,000	4,179,549	253,248,042	11.88% (2)	2,125	119,100
2005	13,320,000	35,000	8,396,154	1,543,195	165,029,785	51,710,000	4,180,000	244,214,134	11.46% (2)	2,050	119,100
2006	17,245,000	25,000	7,351,126	1,409,844	168,824,004	47,905,000	4,180,000	246,939,974	11.59% (2)	2,073	119,100
2007	19,045,000	10,000	15,721,544	1,772,049	165,173,386	43,955,000	4,180,000	250,657,280	11.77% (2)	2,105	119,100
2008	20,624,100	-	14,037,885	1,534,822	182,419,608	41,125,000	4,180,000	263,921,415	12.40% (2)	2,216	119,100
2009	17,640,000	-	12,394,082	1,290,479	194,429,701	38,285,000	4,180,000	268,219,262	12.60% (2)	2,252	119,100
2010	26,152,000	-	10,975,689	1,038,804	202,818,098	35,445,000	4,180,000	280,559,591	13.18% (2)	2,356	119,100
2011	27,687,000	-	9,564,593	779,580	200,539,634	32,565,000	1,574,209	272,710,116	12.29% (2)	2,386	114,297
2012	25,727,000	-	8,193,516	542,577	192,125,645	29,525,000	1,637,177	257,721,015	11.41% (3)	2,255	114,297

(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

CITY OF LANSING, MICHIGAN

Table 10

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population [1][5]	Taxable Value [3]	Gross Bonded Debt [2][4]	Debt Service Monies Available	Debt Payable From Enterprise Revenues & Special Assessments	Net Bonded Debt	Ratio of Net Bonded Debt to Taxable Value	Net Bonded Debt per Capita
2003	119,128	$ 2,211,346,544	$ 140,043,000	$ 7,524	$ 110,419,899	$ 29,615,577	0.0134	$ 249
2004	119,128	2,287,811,884	166,581,000	42,852	145,505,724	21,032,424	0.0092	177
2005	119,128	2,363,993,421	178,349,785	4,400	165,029,785	13,315,600	0.0056	112
2006	119,128	2,429,206,976	186,094,004	88,826	168,849,004	17,156,174	0.0071	144
2007	119,128	2,500,894,289	185,028,386	309,363	165,183,386	19,535,637	0.0078	164
2008	119,128	2,619,195,965	203,043,708	256,144	182,419,608	20,367,956	0.0078	17[illegible]
2009	119,128	2,558,126,184	212,069,701	186,636	194,429,701	17,453,364	0.0066	147
2010	119,128	2,662,792,292	228,970,098	126,434	202,818,098	26,025,566	0.0098	218
2011	114,297	2,446,969,549	230,666,786	46,029	200,539,634	30,081,123	0.0123	263
2012	114,297	2,297,591,33[illegible]	217,852,645	-	192,125,645	25,727,000	0.0112	225

(1) Source: 2000 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

(4) The amount reported in 2010 has been changed for 2011 presentation

(5) Source 2010 Census by the U.S. Census Bureau; used in 2011 and 2012.

Direct and Overlapping Governmental Activities Debt
As of June 30, 2012

Name of Governmental Unit		Net General Obligation Bonded Debt Outstanding	% Applicable to City		Amount Applicable to City
Net direct - City	$	25,726,900 (1)	100.00%	$	25,726,900
Share of County-issued bonds					
Joint Building Authority	$	3,906,820	100.00%	$	3,906,820
Drain Commission		305,725	100.00%		305,725
				$	4,212,545
Overlapping debt					
Eaton Intermediate School District		1,130,000	0.57%	$	6,441
Ingham Intermediate School District		2,334,000	23.84%		556,426
Waverly School District		30,315,000	0.23%		69,725
Lansing School District		52,200,000	81.73%		42,663,060
East Lansing School District		60,364,059	3.64%		2,197,252
Holt School District		85,131,722	2.47%		2,102,754
Ingham County		53,185,958	27.65%		14,705,917
Eaton County		34,219,753	1.70%		581,736
Clinton County		6,768,396	0.29%		19,623
Lansing Community College		49,865,000	19.76%		9,853,324
Okemos School District		17,353,000	2.68%		465,060
Mason School District		19,385,000	0.11%		21,324
Grand Ledge School District		65,880,000	1.21%		797,148
Total overlapping debt					74,039,794
Total direct and overlapping debt				$	103,979,239

(1) Excludes Pollution Abatement Bonds and Revenue Bonds

(2) Overlapping debt is the portion of other public debt for which a City taxpayer is liable in addition to the direct debt of the City

Source: Municipal Advisory Council of Michigan

CITY OF LANSING, MICHIGAN

Table 2

Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value, real and personal property		$ 2,297,391,331
Assessed value equivalents		39,105,042
Total valuation		2,336,496,373
Legal debt margin		
Debt limitation - 10 percent of total valuation		233,669,637
Debt applicable to limit		
Total City Bonded Debt		247,377,645
City Share:		
Drain Commission-County Issued		305,725
Joint Building Authority-County Issued		3,905,820
Brownfield Redevelopment Authority		415,000
TIF Supported Bonds		14,453,339
		266,458,529
Less:		
Michigan Transportation (MTF) Bonds	(5,375,000)	
Sewage Disposal Revenue Bonds	(79,525,000)	
Pollution Abatement (CSC Project) Bonds	(139,200,954)	(174,100,954)
Total net debt applicable to limit		92,357,575
Legal debt margin		$ 141,312,062

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$ 273,340,110	$ 289,486,027	$ 302,811,105	$ 314,307,611	$ 324,987,531	$ 318,810,868	$ 298,581,799	$ 298,052,683	$ 268,975,768	$ 233,669,637
Total net debt applicable to limit	70,893,614	87,171,139	75,882,359	103,095,986	84,276,312	87,966,365	79,513,756	98,368,804	100,923,863	92,357,575
Legal debt margin	$ 202,446,496	$ 202,314,888	$ 226,928,746	$ 211,211,625	$ 240,711,219	$ 230,844,503	$ 219,068,043	$ 199,683,880	$ 168,051,905	$ 141,312,062
Total net debt applicable to the limit as a percentage of debt limit	25.94%	30.11%	25.06%	32.80%	25.93%	27.59%	26.63%	33.00%	37.52%	39.52%

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: Principal	Interest	Total	Coverage[2]
2003	$ 26,963,775	$ 11,209,711	$ 15,754,064	$ 3,320,000	$ 1,723,253	$ 5,043,253	3.12
2004	26,196,518	11,543,509	14,653,009	3,475,000	1,723,253	5,198,253	2.82
2005	26,601,646	12,775,001	13,826,645	3,715,000	1,786,328	5,501,328	2.51
2006	27,932,464	12,867,761	15,064,703	3,805,000	2,036,736	5,841,736	2.58
2007	29,292,698	13,494,658	15,798,040	3,950,000	2,152,990	6,102,990	2.59
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	12,358,477	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	3,160,000	1,448,856	4,608,856	3.82

[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 (2)	Median Age (3)	School Enrollment (4)	Unemployment % Rate (5)	Labor Force (5)
2003	119,100	$ 2,132,604,600	$ 17,906	32	17,600	7	65,375
2004	119,100	2,131,893,732	17,900	32	16,927	7.0	63,750
2005	119,100	2,131,183,101	17,894	32.20	16,201	9.0	68,041
2006	119,100	2,130,460,800	17,888	32.36	16,014	8.4	67,023
2007	119,100	2,129,750,646	17,882	33	15,178	9	66,224
2008	119,100	2,129,040,730	17,876	33	14,475	10.2	65,833
2009	119,100	2,128,331,049	17,870	33	14,482	16.2	66,322
2010	119,100	2,127,621,606	17,864	33	14,098	15.0	64,074
2011	114,297	2,218,237,360	19,408	30	13,465	13.1	63,130
2012	114,297	2,259,194,502	19,766	37	13,236	11.3	63,374

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

Table 15

Principal Employers

Current Year and Six Years Ago

Employer	2012			2006		
	Employees [1]	Rank	Percentage of Total City Employment [2]	Employees [1]	Rank	Percentage of Total City Employment
State of Michigan	13,700	1	6.23%	14,355	1	6.09%
Michigan State University	10,725	2	4.88%	10,500	2	4.45%
Sparrow Health System	5,735	3	2.61%	6,000	4	2.54%
General Motors	5,522	4	2.51%	6,300	3	2.67%
Liberty National Life Insurance	5,000	5	2.28%			
Lansing Community College	2,990	6	1.36%	3,180	5	1.35%
Ingham Regional Medical Center	2,400	7	1.09%	2,500	6	1.06%
Meijer	1,880	8	0.86%	2,000	8	0.85%
Lansing School District	1,613	9	0.73%	2,106	7	0.89%
Southern-Owners Insurance	1,500	10	0.68%			
Auto Owners Insurance				1,500	9	0.64%
Peckham, Inc.				1,400	10	0.59%
Greater Lansing metropolitan area employment			219,761			235,844

[1] Data is representative of the Greater Lansing Region

[2] Source: Michigan Department of Career Development: Employment Service Agency - Labor Market Information

Data prior to 2006 is unavailable

CITY OF LANSING, MICHIGAN

Table 15

Full-time Equivalent City Governmental Employees by Function/Program

June 30, 2012

Function/Program	2012	2011	2010	2009	2008	2007	2006
General government							
City council	10	11	11	11	11	11	11
Mayor's office	5	5	5	5	5	5	7
City clerk	5	6	7	7	7	7	7
54-A district court	48	50	53	53	53	55	55
City attorneys office	10	11	12	12	12	12	11
City TV	2	2	2	2	2	2	2
Internal auditor	1	1	1	1	1	1	2
Human resources	9	11	12	13	14	14 (1)	12
Finance							
Accounting/Budget/Purchasing	13	14	16	17	16	18 (1)	21
Tax services	21	22	24	25	26	29	30
Information technology	10	14	15	17	18	18	18
Property management	18	20	21	23	24	26 (3)	28
Fleet management	27	29	30	31	33	37 (2)	20
	89	99	106	113	117	128	117
Planning & neighborhood development							
Administration	2	2	2	2	2	2	2
Code compliance	15	16	16	16	17	19	15
Building safety	13	15	15	15	15	16	17
Planning	4	5	5	4	5	7	7
Development	9	9	9	10	10	10	11
Parking & transportation	20	20 (5)	40	41	41	43	49
	63	66	87	88	90	97	101
Police	260	327	344	342	341	338	339
Fire	179	207	210	219	219	219	220
Public services							
Administration & engineering	21	21	17	18	18	18	19
Operations & maintenance	121	135 (5)	110	113	113	119	122
Service garage	-	-	-	-	-	- (2)	17
Wastewater	41	41	44	50	50	51	51
	183	197	171	181	181	188	219
Human relations & community services	5	5	5	6	8	9	9
Parks & recreation							
Administration & design	5	5	7	7	8	8	9
Grounds & forestry	-	- (5)	27	31	32	32 (4)	32
Leisure & special recreation	10	12	15	19	17	19 (3)	20
Cemeteries	1	1	3	4	4	5	5
Golf/ice arena	3	4	4	4	4	4	6
Zoo (4)	-	-	-	-	-	18	19
	19	22	56	65	65	86	91
	888	1,020	1,090	1,118	1,126	1,172	1,233

Source: The City of Lansing

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.

CITY OF LANSING, MICHIGAN

Table 17

Operating Indicators by Function/Program

Fiscal Year Ended June 30, 2012

Function/Program	2012	2011	2010	2009	2008	2007	2006
Public safety							
Fire department responses	17,093	16,974	16,659	15,852	15,780	15,267	14,869
EMS related	14,851	14,628	14,398	13,447	13,151	12,779	12,152
Fire related	2,242	2,346	2,261	2,405	2,629	2,488	2,117
Police department responses	74,058	78,112	87,724	89,958	87,634	97,466	87,551
Arrests	8,043	8,858	11,644	11,559	12,810	13,260	7,479
Traffic violations	6,829	15,585	18,797	20,122	25,398	29,047	30,948
Public works							
Potholes filled	30,116	32,918	24,945	43,601	40,790	28,122	35,522
Streets resurfaced (miles)	5.01	8.99	20.70	16.20	20.92	22.11	27.16
Recreation							
Recreation participation	66,836	66,254	70,529	39,060	37,783 (1)	41,069	38,878
Pavilion rentals	198	161	288	315	341	254	255
Sewage disposal							
Average amount processed daily (gal)	12.02 million	12.03 million	15.01 million	16.15 million	16.73 million	16.00 million	15.00 million
Parking system							
Average number of monthly permits	2,735	3,122	3,480	3,783	4,059	3,905	4,073
Parking tickets issued	41,829	45,176	63,610	66,183	57,153	75,637	82,221
Cemetery							
Lots sold	115	143	142	119	98	114	104
Golf							
Annual rounds played	28,560	26,084	30,936	41,588	43,505 (2)	59,244	57,256
Garbage and rubbish							
Yards sent to landfill	18,705	20,334	21,805	29,322	29,369	30,402	30,517
Recycling							
Recycled goods sold (tons)	3,149	2,446	2,163	2,591	2,818	2,259	2,441
Yards composted	20,413	15,725	21,819	21,871	21,928	17,189	21,304

Source The City of Lansing

Data available back seven years only

(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) Source: City of Lansing

Capital Assets Statistics by Function/Program
June 30, 2012

Function/Program	2012	2011	2010	2009	2008	2007	2006
Public safety							
Police stations	2	3	3	3	3	3	3
Police patrol units	60	58	61	61	58	55	55
Fire stations	6	8	9	9	9	9	9
Public works							
Streets (miles)	407.80	410.80	410.63	410.15	410.15	410	409.89
Traffic signals	204	208	203	196	203	188	194
Recreation							
Park acreage	2,434.88	2,422.63	2,422.63	2,422.63	2,422.63	2,219.63	2,219.63
Playgrounds	73	71	71	82	82	80	76
Baseball/softball fields	61	61	61	61	61	61	61
Soccer/football fields	6	6	6	6	6	6	6
Community centers	4	4	4	4	4	4	4
Sewage disposal							
Sanitary sewers (miles)	359	359	357	354	347.4	341.0	338.0
Storm sewers (miles)	234	234	233	230	225.1	220.0	217.0
Combined sewers (miles)	188	188	191	192	197.4	203.0	208.0
Parking system							
Ramps	4	4	4	4	6	6	5
Lots	15	15	16	16	15	15	15
Meters	2,452	2,452	2,493	2,493	2,489	2,489	2,489
Cemetery							
Number of cemeteries	3	3	3	3	3	3	3
Golf							
Number of courses	1	1	1	1	1 [b]	3	3
Acreage	115	115	115	115	115 [b]	318	318
Garbage and rubbish							
Refuse collection trucks	19	22	18	16	21	21	20
Recycling							
Recycling trucks	7	9	10	10	10	10	10
Potter park zoo							
Number of animals	N/A	N/A	N/A	N/A	N/A [a]	398	403

Source: The City of Lansing

Data available back seven years only
a. Zoo operations were transferred to Ingham County in FY2008
b. Two municipal golf courses were non-operational beginning in 2008

BY THE COMMITTEE OF THE WHOLE
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, pursuant to the Lansing City Charter and Chapter 280 of the Lansing Code of Ordinances, the Council shall designate in advance the first meeting of the Elected Officers Compensation Commission in odd-numbered years; and

WHEREAS, Chapter 280 of the Lansing Code of Ordinances requires the first meeting of the Elected Officers Compensation Commission to be prior to March 1, 2013 and that the commission meet on no more than 15 session days;

WHEREAS, Chapter 280 of the Lansing Code of Ordinances requires the Elected Officers Compensation Commission to make its determination within forty-five days after its first meeting;

NOW, THEREFORE, BE IT RESOLVED the Lansing City Council hereby calls upon the Elected Officers Compensation Commission to meet and conduct its business in 2013 and designates Thursday, February 14, 2013 at 1:00 p.m. in the City Council Conference Room on the 10th floor of City Hall as the first meeting of the Commission.

BE IT FURTHER RESOLVED the Office Manager to the Council shall serve as the recording secretary to the Commission unless the Commission determines otherwise.

BE IT FINALLY RESOLVED the City Clerk shall notify the members of the Commission in writing concerning the designated date, time, and place of the first meeting at least seven calendar days in advance thereof.

XV 1 a i

Chris Swope
Lansing City Clerk

From the 1/28/13 Meeting Referred to the Committee of the Whole

January 14, 2013

President Wood and Council Members
124 W. Michigan Ave., 10th Floor
Lansing, MI 48933

Dear President Wood and Council Members:

Chapter 280, Section 280.03 of the Code of Ordinances requires that the City Council designate by resolution the date, time, and location for first meeting of the Elected Officers Compensation Commission (EOCC) in each odd-numbered year. The section further requires the City Clerk to notify the members of the EOCC of that meeting at least seven days in advance.

The EOCC's initial meeting must be prior to March 1, 2013. The commission can meet on not more than 15 session days; a session day is defined as a calendar day on which the EOCC meets and a quorum is present. The EOCC is required to make its determination within 45 days of the initial meeting.

Attached is a draft resolution calling the first meeting of the EOCC for 2013.

Sincerely,

Chris Swope
Lansing City Clerk

BY THE COMMITTEE OF THE WHOLE
RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANSING

WHEREAS, pursuant to the Lansing City Charter and Chapter 280 of the Lansing Code of Ordinances, the Council shall designate in advance the first meeting of the Elected Officers Compensation Commission in odd-numbered years; and

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WHEREAS, Chapter 280 of the Lansing Code of Ordinances requires the Elected Officers Compensation Commission to make its determination within forty-five days after its first meeting;

NOW, THEREFORE, BE IT RESOLVED the Lansing City Council hereby calls upon the Elected Officers Compensation Commission to meet and conduct its business in 2013 and designates __________, February _____, 2013 at _____ p.m. in the City Council Conference Room on the 10th floor of City Hall as the first meeting of the Commission.

BE IT FURTHER RESOLVED the Office Manager to the Council shall serve as the recording secretary to the Commission unless the Commission determines otherwise.

BE IT FINALLY RESOLVED the City Clerk shall notify the members of the Commission in writing concerning the designated date, time, and place of the first meeting at least seven calendar days in advance thereof.